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Magazine

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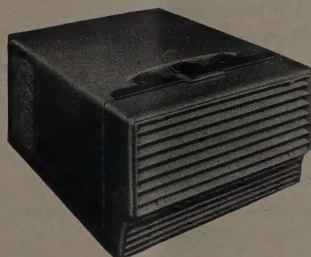
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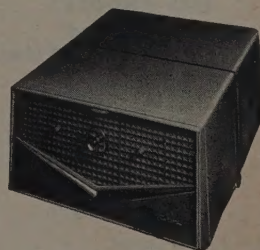
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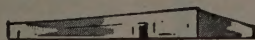
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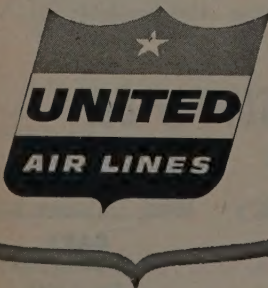
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statistics of...

Chicago Business

	May, 1954	April, 1954	May, 1953
Building permits _____	1,061	1,169	990
Cost _____ \$	29,653,150	\$ 18,680,900	\$ 19,206,300
Contracts awarded on building projects,			
Cook Co. _____	2,849	2,810	1,675
Cost _____ \$	78,147,000	\$ 68,823,000	\$ 50,705,000
(F. W. Dodge Corp.)			
Real estate transfers _____	7,509	7,808	7,471
Consideration _____ \$	4,928,324	\$ 6,822,597	\$ 4,564,166
Bank clearings _____	\$ 3,927,206,515	\$ 4,006,833,261	\$ 4,097,286,229
Bank debits to individual accounts:			
7th Federal Reserve District _____	\$22,025,000,000	\$22,338,000,000	\$22,616,000,000
Chicago only _____	\$11,565,255,000	\$11,176,844,000	\$11,407,200,000
(Federal Reserve Board)			
Bank loans (outstanding) _____	\$ 2,845,000,000	\$ 2,823,000,000	\$ 2,800,000,000
Midwest Stock Exchange transactions:			
Number of shares traded _____	1,426,000	1,583,029	1,116,924
Market value of shares traded _____ \$	50,546,898	\$ 54,586,851	\$ 35,663,607
Railway express shipments, Chicago area _____	799,655	927,278	1,004,192
Air express shipments, Chicago area _____	55,556	60,687	61,068
L.C.L. merchandise cars _____	16,876	17,934	18,834
Electric power production, kwh. _____	1,338,293,000	1,365,195,000	1,384,215,000
Industrial gas sales, therms. _____	12,501,393	13,736,565	14,627,453
Steel production (net tons) _____	1,558,000	1,417,900	1,853,100
Revenue passengers carried by Chicago			
Transit Authority lines:			
Surface division _____	44,929,956	46,458,957	49,334,681
Rapid transit division _____	8,921,990	9,419,326	9,186,440
Postal receipts _____ \$	11,279,794	\$ 12,534,145	\$ 10,907,434
Air passengers:			
Arrivals _____	328,370	296,878	295,057
Departures _____	336,239	303,318	303,786
Consumers' Price Index (1947-49=100) _____	117.3	116.5	114.6
Receipts of salable livestock _____	378,751	334,838	360,212
Unemployment compensation claimants,			
Cook & DuPage counties _____	96,467	85,740	29,062

August, 1954, Tax Calendar

Date Due	Tax	Returnable to
1	Franchise Tax becomes delinquent and penalties of 1% per month begin to accrue	Secretary of State
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	Authorized Depository
15	Illinois Retailers' Occupation Tax return and payment for month of July	Director of Revenue (Illinois)

COMMERCE

Magazine

**Published since 1904 . . . by the
Chicago Association of Commerce
and Industry • 1 North La Salle St.,
Chicago 2, Ill. • Franklin 2-7700**

July, 1954

Volume 51

Number 6

Contents

Seven Labor Issues That Need Settling.....	By Sumner H. Slichter	13
Steel — 14 Years After Dunkirk.....	By Joseph L. Block	15
Can Science Win The War Against Bugs?.....	By Lewis A. Riley	16
Premiums: Old Sales Tonic Makes Comeback.....	By Thomas S. Watts	18
International Aid Can Be Profitable.....	By Eugene L. Black	20
Packaging's New Personality.....	By Phil Hirsch	21

Regular Features

Statistics of Chicago Business.....	2
The Editor's Page.....	7
Here, There and Everywhere.....	8
Trends in Finance and Business.....	10
Industrial Developments in the Chicago Area.....	33
Transportation and Traffic.....	37
New Products.....	40
Stop Me—If.....	48



an Sturdy, Editor • Gordon Rice, Advertising Manager • Gordon Ewen, Associate Editor

Published monthly by The Chicago Association of Commerce and Industry, with offices at James and North Cook Streets, Barrington, Ill., and 1 North LaSalle Street, Chicago 2, Ill. Subscription rates: domestic \$3.50 a year; three years \$7.50; foreign \$4.50 a year; single copies 35 cents. Reentered as second class matter June 2, 1948, at the Post Office at Barrington, Ill., under the act of March 3, 1879. Copyright 1954, by the Chicago Association of Commerce and Industry. Reprint permission on request. Executive and Editorial Offices: 1 North LaSalle St., Chicago, Telephone Franklin 2-7700. Night Telephone: Editorial, Franklin 2-7717; Advertising, Franklin 2-7711. Neither Commerce nor The Chicago Association of Commerce and Industry sponsors or is committed to the views expressed by authors. Cover design copyrighted.

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in this issue...

What are the seven most important unsettled issues of public policy and law in the field of industrial relations? Sumner H. Slichter, eminent economist and authority on labor, tells what he thinks they are and makes some incisive recommendations for their settlement in an article that starts on page 13.

• • •

Joseph L. Block's article (page 15) is titled "Steel — 14 Years After Dunkirk." Why Dunkirk? Because the British defeat there swept away America's sense of military self-security and started the U.S. steel industry on an unprecedented 13-year expansion. In an article (page 15) the president of Inland Steel describes that expansion and predicts that our steel requirements may reach 200 million tons a year within the next 25 years.

• • •

Now that several species of insects, including house flies and mosquitoes, are developing a resistance to DDT, man is experimenting with a new lethal weapon — nerve gas — in his continuous war against bugs. Lewis Riley tells of the new developments on page 16.

• • •

Would you like a free Packard? Admiral Corporation recently gave Packards as premiums to dealers who bought two carloads of Admiral appliances. Tom Watts' article on industry's growing use of premiums and prizes starts on page 18.

• • •

The World Bank has no connection with international give-away programs. It's in business, writes President Eugene R. Black (page 20), to make loans that develop the economies of less advanced nations, yet it still operates at a substantial profit.

In today's self-service stores the package that holds your product has a new responsibility — salesmanship. Beginning on page 21, Phil Hirsch describes the postwar packaging revolution.



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The Editor's Page

Executive Reservists?

A "civilian" reserve of 5,000 executives to supply leadership for federal agencies in emergency periods has been recommended by the National Planning Association. The N.P.A., an independent non-profit research organization, urges immediate recruitment of such a reserve and says that lists should be compiled with names "five to ten deep" for each type of emergency control activity.

Five times in the last 20 years, the N.P.A. notes, big government programs have required emergency staffs—the occasions being the depression, two wars, the Marshall plan, and the atomic energy program.

To those businessmen who know what it is to deal with an emergency-swelled government agency, the idea of a civilian reserve should have considerable appeal.

Making the plan a success won't be easy. Reservists—whether civilian or military—must be given periodic training or their value to the nation becomes negligible. The N.P.A. has recommended that the Office of Defense Mobilization organize a school capable of instructing 200 men at a time in government processes and wartime problems.

If there is to be a potentially effective civilian reserve, it will have to guard against taking on too many men at or near the retirement age who might crack under the strain of emergency work. Likewise, young men may lack the experience to take on responsibility.

Business gave up some of its best men to the government in World War II, but how would it feel today about putting some of its most capable executives on government call?

Clarence Randall may have given the answer when he addressed the National Sales Executives convention in Chicago last month. He referred to the difficulty in borrowing young men to work on his Commission on Foreign Economic Policy, but his remarks might also be applied to the proposed reserve. He said: "If I ask for one of your young men, you won't let him go. I mean every word of that, because I ask for young men every day, and I am old, 'Sorry, Joe just started on a very important new campaign for our company that won't be finished for two years. When he has that finished, let me know.'"

Randall, who leads a strenuous double life as chairman of the commission and chairman of Inland Steel, has no bouquets for the businessman's attitude.

"I come back into my business world and meet chance acquaintances at the club and on the train and around the shop, and I do not always get that same

sense of devotion to America that I get when I am in Washington," he told the Chicago meeting.

"... The first thing essential to the preservation of our way of life is to understand it, and you can't do that by reading the technical literature of your particular business, or taking your brief case home at night and laying out just the sales program for spring.

"... Oh, how I envy the clarity of vision that comes to the traveling salesman in a railway buffet car at the third highball. How simple those great problems become! But ask him to go down to Washington and take off his coat and give us two years of his life to help this Administration—that he prayed for for 20 years—and you'll find out instantly that he is the most indispensable man in the most basic industry in America."

Clarence Randall has put his finger on one of the difficult problems in creating a civilian reserve.

New Attacks on Farm Surpluses

Almost simultaneously with the recent vote of the House Agricultural Committee to continue farm support prices at 90 per cent parity for the 1955 crop, Secretary of Agriculture Benson announced the most drastic agricultural controls in the country's history.

These two developments glaringly illustrate the fantastic predicament the present farm program is creating. Supports at 90 per cent of parity have piled up what is undoubtedly the largest hoard of farm products in world history. Six billion dollars has been invested in unwanted agricultural commodities, yet production has risen, not diminished. Controls used up until this time have been in effective use for two reasons: farmers compelled to take acreage out of one crop have devoted it to another, also in surplus. The acreage they have retained in controlled crops has been farmed more intensively and its production increased.

It remains to be seen whether the new and much more rigid controls announced by Secretary Benson will result in reduced production. American farmers have demonstrated amazing ingenuity in legally defeating the aim of controls in the past. At the same time, the agricultural politicians, the taxpayer and the farmer all know that one day the folly of paying high prices for unwanted production must be ended either by a return to free markets or controls so absolute that no ingenuity will defeat them.

Alan Study

the Matador



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Here...There... and Everywhere

• **Blue Traffic Lights?** — There are 3 million reasons why the color of stop-and-go traffic signals should be changed, suggest color researchers of Sun Chemical Corporation. The reasons are the number of drivers who are red-green blind and who therefore must play "follow-the-leader" in traffic, being unable to determine for themselves whether to stop or go. About 2,500 traffic deaths annually are attributed to "failure to observe" signals. Sun suggests a blue-yellow system, acknowledges that the switch-over would have its problems, but points out that thousands of people each year take their cars across the English Channel and switch from right-hand to left-hand driving without too great difficulty.

• **Triangular Phone Booth** — Before long you may be using a triangular-shaped phone booth. Burgess-Manning Corporation of Chicago is already manufacturing a 45-degree booth which was designed by acoustics experts at Armour Research Foundation of Illinois Institute of Technology. The new booth is the waist-up type for wall mounting and has one side as well as the bottom open. For firms interested in saving space, two of the triangular booths can be mounted in a corner where only one conventional box-type booth would fit. Furthermore, there would seem to be little danger of claustrophobia or—if you follow a cigar-smoker—asphyxiation.

• **Surplus Success** — An automatic controls manufacturer — Minneapolis-Honeywell Regulator Company — has a novel way of getting rid of obsolete products and surplus materials. It sells them over-the-counter to hobbyists, small manufacturers, and to the public at higher-than-scrap-prices from its own surplus store in downtown Minneapolis. Stocked with anywhere from 5,000

to 10,000 unwanted items ranging from aluminum tubing to zinc wheels, the store now grosses \$60,000 annually. With materials from its shelves, customers have built an electronic electro-cardiograph, an electric organ, telescopes, a device that rings a bell and flashes a light whenever baby wets the bed, oxygen apparatus for underwater swimming, home burglar alarm systems, and even an apparatus that gives injections of experimental serum to mice. One of the store's best customers is Minneapolis-Honeywell's own research department.

• **Checking Up** — More than half the deliberate bad check passers are "amateurs" who do not possess previous police records, reports the Todd Company of Rochester, N. Y., after a survey made with the cooperation of police departments in 98 cities of over 40,000 population. The report describes bad check passing as a \$400-million-a-year "business" and says that the failure of merchants to exercise minimum precaution is chiefly responsible for the rising flood of phony checks. Favorite methods used by check crooks are: passing completely bogus checks (mostly of the payroll type drawn on non-existent or collapsed bank accounts, and sometimes on non-existent banks); forging the signature of the maker or endorser on a legitimate check; and counterfeiting a legitimate check. Favorite spots for passing bad checks are department stores, supermarkets, liquor stores, taverns, and independent groceries. Almost one-fifth of the passers are women.

• **Tax Journal** — Most recent arrival in the business publication field is the monthly Journal of Taxation. The magazine is directed at professional tax men and is edited

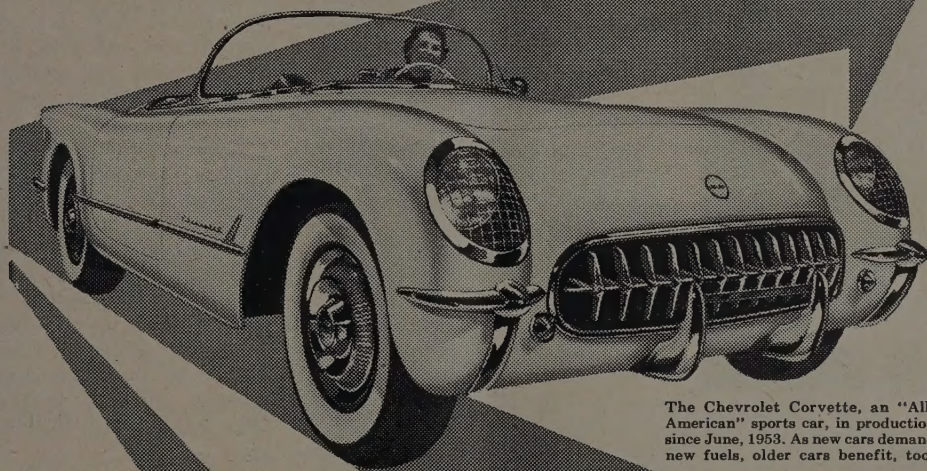
(Continued on page 31)

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Trends . . . in Finance and Business



• **Who Buys Stocks?** — Almost 70 per cent of all public business — as distinguished from broker-dealer transactions — on the New York Stock Exchange originates outside of New York City. Of the 30 per cent originating in New York City, over one-third comes from institutions that serve people living all over the country.

These figures were developed by the exchange's third investment motivation study, which analyzed transactions on March 17 and 24 of this year. The fiction that women possess the great majority of the nation's wealth, first refuted two years ago by a market study, suffered another blow: Men bought and sold 77 per cent of all shares on the recent dates — the ladies only 23 per cent.

Institutions — owners of about one-third of all listed stocks — are generally regarded as the type of investor who buys a stock and holds it. But the exchange study puts a large question mark after this statement.

While all four major types of institutions — banks, mutual funds, closed end investment trusts, and insurance companies — bought more shares than they sold, the sales were nevertheless considerable. Banks were most active, buying 307,581 shares and selling 280,956.

Of the total trade on the two days, public institutions accounted for 18.7 per cent of the total volume. This compares with 55.2 per cent for public individuals, 21.9 for exchange members, and 4.2 per cent for non-member broker-dealers.

Among individuals, the most active buyers and sellers were those with incomes of between \$10,000 and \$25,000 — they initiated 26 per cent of the transactions. Between \$5,000 and \$10,000 accounted for 20.3 per cent, under \$5,000 for 6.1 per cent,

and over \$25,000 for 24 per cent. There was no indication for 23.0 per cent.

The average investor is middle aged, the study shows. Persons between 40 and 59 did 56.1 per cent of the trading. The under-40 group accounted for only 12.2 per cent of the business, and those over 60 for 22.4 per cent. No information was available for 9.3 per cent.

• **Gold at Peak** — World gold and foreign exchange reserves outside the Iron Curtain stood at a record peak of \$56.7 billion at the end of 1953, according to the International Monetary Fund. This is more than double the 1938 figure. The fund, an agency set up after World War II to aid economic rehabilitation abroad by short-term assistance in meeting currency exchange problems, holds nearly \$8 billion of the total.

U. S. holdings of gold at the last year-end were just over \$22 billion or about 40 per cent of the free world gold and foreign exchange total. In 1938 this country held over half the world supply.

• **Installment Decline** — The \$900 million decline in consumer installment debt in the first quarter has not been a source of concern to finance companies, reports Standard Factors Corporation following a survey of eight major finance companies. The development, the report states, is sound and is "ample evidence that the American consumer can ration himself in the matter of credit without government peace-time controls." Last year's rise of \$3.1 billion in installment debt was a record, as was the year-end total of \$21.8 billion outstanding. Current installment purchases are at a high level and will continue

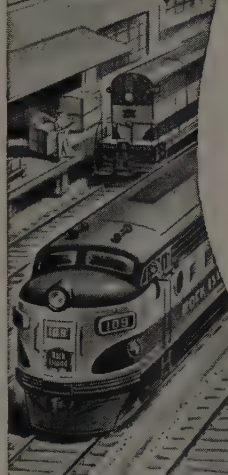
roughout the year, although at a
user rate than 1953, it is stated.
payments are considered as likely
continue at or above the current
lume for some months to come,
nce they are largely determined
contracts previously written.

Education Pays — Men with
gh school or college education
rn 79 per cent of the \$7,000 to
0,000 incomes and 82 per cent of
comes over \$10,000, it is revealed
the Chamber of Commerce of the
ited States in its study "Education
An Investment in People." Those
th an eighth grade education or
ss earned 77 per cent of the in-
mes below \$500 and 73 per cent of
e \$500 to \$1,000 incomes.

Mutual Funds in 1960 — The
vest-as-you-go method of buying
mutual fund shares on a regular
onthly basis is booming, reports
rthur Wiesenberger in the 1954
dition of Investment Companies,
ference book in the mutual fund
eld. At the end of 1951, Wiesen-
berger says, 50,000 persons were buy-
g shares through accumulation
ans offered by 28 funds. Now 200,-
0 investors are channeling \$6 mil-
n a month or \$72 million a year
to 92 funds that have accumula-
on plans. This represents just over
0 per cent of gross mutual fund
les of \$672 million in 1953. Wie-
nberger predicts that annual mu-
al fund sales should reach \$1.5
illion by 1960 and that by then
cumulation plan purchases will
mount to about a third of total
les.

Contractor Failures — Business
ilures among construction contrac-
rs reached a record high in 1953,
cording to Rowena Bryant of Dun
nd Bradstreet, Inc., writing in the
linois Business Review, monthly
ublication of the University of Illi-
ois. About 35 failures per 10,000
ntractors were reported. The 1953
ualties involved liabilities of \$394
illion, and 48 per cent were firms
ith over \$100,000 in liabilities.
Any skilled or semi-skilled work-
s started businesses of their own
uring the postwar building boom,
d owing to management inexperience,
some were unable to cope
ith heavy operating costs and
ounting competition. Illinois and

(Continued on page 31)

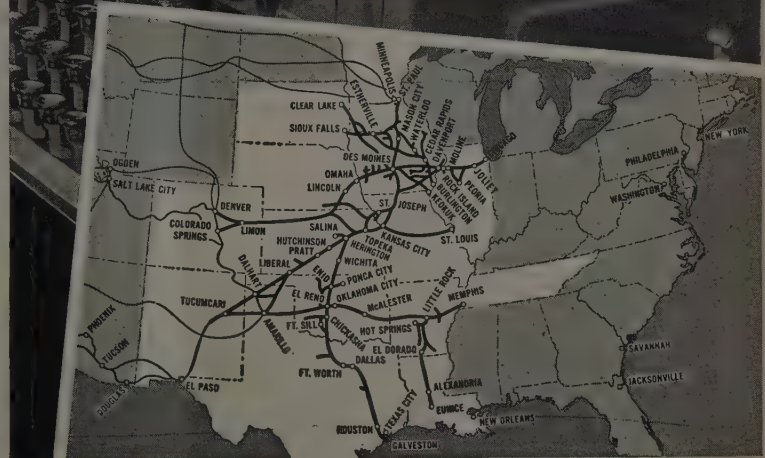
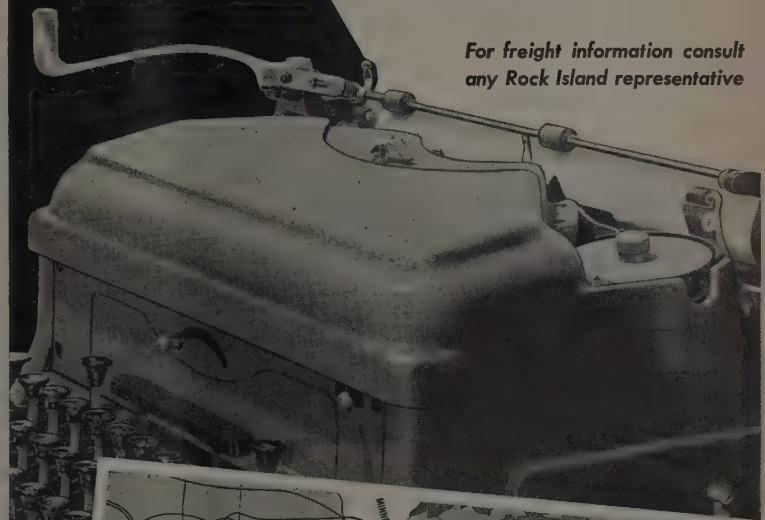


A Report on Rock Island's Freight Service for '54

{of interest to shippers}

The service is good, even better than in '53. This is understandable. For the Rock Island is the Road of *Planned Progress*, which means something new and better is constantly being introduced. More powerful diesels . . . larger and finer freight cars . . . cut-offs that save time and miles . . . improved yard facilities . . . heavier rails. The list is endless. But let's put it this way: The Rock Island is an 8,000-mile transportation system serving 14 mid-continent states. Our job is to see that this property—right-of-way, rolling stock, equipment, *everything*—is kept in top condition to serve shippers adequately and well. And that's *precisely* what we are doing. It's a service that never ceases . . . a story that never ends.

For freight information consult
any Rock Island representative





Seven Labor Issues That Need Settling

By SUMNER H. SLICHTER

Fierce disputes may be expected before all aspects of unsettled public policy are resolved

THERE have been few times in the history of the United States when industrial relations have been more stable than they are today—stable in the sense that the fundamental issues have been settled and that there is no uncertainty about the framework within which industrial relations will be conducted. Furthermore, this stability is likely to remain for some time to come.

The major issues that have been settled are: the question of whether free unions and collective bargaining will be the usual way of fixing the terms of employment in American industry; the division of authority between the Federal government and the states in the field of industrial relations; the questions of whether a country will have a social security system and what kind of a system a country will have; and the question of basic public policy toward the rights and obligations of unions and employers.

Notwithstanding the settlement of these fundamentals within the last few years, many of their specific aspects are still matters of controversy and will produce fierce disputes before they are ultimately resolved.

“The provisions of the Taft-Hartley act that are designed to apply to disputes that create national emergencies need a complete overhauling.”

U.P. photo

Many of these subsidiary issues are quite important.

What then are the principal unsettled issues in the field of public policy and law? Seven of them seem to stand out in importance: (1) state-federal relations; (2) the problem of organizational picketing and boycotts; (3) the problem of the closed shop; (4) problems of union rivalry; (5) protection of neutrals in industrial disputes; (6) supervision of union welfare funds; and (7) arrangements for dealing with emergency disputes.

Definition Needed

1. State-Federal Relations. The Taft-Hartley act has been interpreted to give the federal government exclusive jurisdiction over most matters covered by the act provided interstate or foreign commerce is affected. The National Labor Relations Board, however, has seen fit to decline to take cases of some small enterprises whose operations have little effect upon interstate commerce. Since the states are not permitted to exercise authority in these cases, there has grown up a sort of No-Man's Land in which both employers and employees lack the protection of the law. Furthermore, the Taft-Hartley act, as interpreted by the courts, severely curtails the au-

thority of the states to deal with disputes which create local emergencies.

The respective authorities of the state and federal governments need to be clearly defined. The line of demarcation should not be expressed in terms of the size of the enterprise or even in terms of the proportion of sales or purchases that are interstate. The proper line of distinction is in terms of competitive areas. An industry, such as the women's garment industry, is engaged in interstate competition. Hence, all the plants in this industry, no matter how small, should be subject to the Taft-Hartley act. But an automobile retailer who gets all of his cars from Detroit is not engaged in interstate competition and should be subject to state laws, not the Taft-Hartley act. In other words, retailing and the service industries, even though they buy their goods through interstate commerce, are not engaged to an appreciable extent in interstate competition. Hence, jurisdiction over these industries belongs to the states.

In general, the jurisdiction of the Federal government and state governments should be supreme within their respective jurisdictions, except for the right of the state governments to maintain law and order. I agree with Senator Taft, in his testi-

mony before the Senate Labor committee last year, that concurrent jurisdictions would create confusion by producing two sets of precedents for similar cases.

With respect to the industries to which the Taft-Hartley act applies, its authority should be exclusive. There is no sense in subjecting employers who compete with one another to differing state laws. The states should be left free to experiment with arrangements for dealing with disputes which cause local emergencies, such as stoppages in the gas industry or electric light and power industry. Stoppages in these industries do not create national emergencies. Hence, each state should be free to deal with the problem in its own way.

Ineffective Protection

2. Organizational Picketing and Boycotts. The Taft-Hartley act does not give effective protection against efforts to force employes into unions that they do not wish to join. Thus, the philosophy of the act — that men are entitled to be represented by bargaining agents of their own choosing — is often defeated. The principal offender seems to be the powerful Teamsters' Union. The problem might be met in part by a broader interpretation of the kind of picketing that is regarded as coercive, but a more adequate remedy is needed. A fair solution would be to prohibit organizational picketing and boycotts after a rival union, the employer, or a substantial part of the employes involved has petitioned the National Labor Relations Board to settle the issue of representation by an election. In these days of powerful unions and strong union rivalries, a vigorous affirmative policy on the part of the government is necessary in order to protect the right of employes to choose their own bargaining agents. This means a more vigorous policy than the government has pursued up to now. Unfortunately, Congress has handicapped the board in dealing with this problem by prohibiting pre-hearing elections.

3. The Closed Shop. The Taft-Hartley act, as everyone knows, permits the union shop under certain conditions, but forbids the closed shop. The union shop provisions have worked out well in many industries, but there are wide areas in

which the closed shop serves a useful purpose to workers and employers alike. As a result, prohibitions against the closed shop in the Taft-Hartley act are being widely violated. Thus, we have the closed shop without proper safeguards. In industries where employment is intermittent or highly seasonal, such as the building trades, entertainment, stevedoring, the closed shop should be permitted with proper safeguards. It already exists there, and it will continue to exist.

Rivalry Grows

4. Union Rivalry. The growth of unions has intensified problems of union rivalry. The protection of the right to organize encourages unions to attempt to expand their membership. If one union does not act quickly, it will be too late because another union will have organized the group of workers. In the old days, the right of employers to use drastic measures to stamp out unions was a great curb on rivalry.

Union rivalry has been intensified by the rapid growth of industrial unions which include among their members many skilled craftsmen. The craftsmen have learned that the industrial unions frequently do not give them very adequate representation. Many industrial unions have bargained for cents-per-hour wage increases rather than percentage wage increases. Thus, the differential between the semi-skilled workers and skilled craftsmen has been substantially reduced. Now the craftsmen are reacting to the failure of the industrial unions to give them proper representation by endeavoring to sever themselves from industrial unions. Joseph Krislov of Western Reserve University, who has made an extensive study of union raiding, reports that raids by the craft unions against industrial unions have been successful in about two-thirds of the contests.

The A.F. of L. and the C.I.O. have attempted to deal with the problem of union rivalry by fostering no-raiding agreements within the federations and also between the federations. The success of no-raiding agreements requires virtually unanimous acceptance of the agreement by all the unions involved. Such general acceptance is out of question. Consequently, success of the no-raiding agreements is not likely. In view

of the strong tradition of autonomy in the American trade union movement, and the consequent weak influence of the federations, the problem of interunion rivalry must be handled in large measure by the government. I am not suggesting that union rivalries are bad per se, but I am suggesting that workers are entitled to be represented by bargaining agents of their own choosing. Deciding what is an appropriate bargaining unit is extraordinarily difficult and involves carefully weighing many considerations which vary from case to case. After the matter of the bargaining unit has been decided, the workers in that unit are entitled to select the union which they wish to represent them. The decision should not depend on blueprints of organizational territory worked out years ago by the A.F. of L., the C.I.O., or the A.F. of L. and the C.I.O. together.

Theoretical Protection

5. The Protection of Neutrals in Labor Disputes. The law in most states has, in theory, given a good deal of protection to neutrals, but in practice the neutrals did not have much protection, until the Taft-Hartley act gave it to them. The reason has been that proper administrative machinery to protect the rights of neutrals has been lacking. The protection given by the Taft-Hartley act to neutrals contains serious loopholes. With some qualifications the act prohibits encouraging the employes of one employer (a neutral) to refuse to handle the work of a second employer with whom the union has a dispute, but it does not prohibit inducing the neutral employer himself not to handle the products of the second employer. But the "inducements" for the neutral employer to help the union in its fight with the second employer may be quite coercive. Hence, the law fails effectively to protect neutrals from being conscripted in labor disputes.

I disagree with President Eisenhower's recommendation that the application for injunctions against secondary boycotts be made a matter of the discretion of the general counsel of the Labor Relations Board. The provision that injunctions must be sought when the law is being vio-

(Continued on page 45)

STEEL — 14 YEARS AFTER DUNKIRK



Joseph L. Block

By

JOSEPH L. BLOCK

N the early spring of 1940 the American steel industry, in common with the American people, was plodding along doing business as usual, and enjoying what it thought was a sense of complete security. The so-called "phony war" was six months old. There was France, solidly entrenched behind the great Maginot Line, backed up by the full might of the British Empire. How could this war touch the United States? And even if it could, what was there to concern the steel industry? Did it not have the "gigantic" annual capacity of 81 million tons — almost twice the average production required in the preceding five years? Surely it was well prepared for any emergency. Then the Nazi hordes invaded the low countries and raced, almost unopposed, into France and on to the coast. In the last week of May came Dunkirk; less than a month later, the fall of France. Britain

digest of an address delivered before the Indiana Manufacturers Association. The author is president of Inland Steel Company.

Our capacity of 124 million tons a year tops the Soviet orbit by better than two-to-one



This open-hearth shop, completed in 1952, added 750,000 tons to Inland's ingot capacity.

stood alone and, in the opinion of all the "experts," it could not stand for long. These events pulled the props from our temple of false security. They collapsed our house of cards. They galvanized the American people and the American steel industry into action. All of which was spurred on, of course, subsequently by the infamous Pearl Harbor attack and other events of World War II; then stimulated to still further effort in the recent Korean War.

Dunkirk marked the beginning of the most amazing period in the history of the American steel industry — a span of 14 years in which its capacity was increased by 52%, the added tonnage being as great as that which was built in the preceding 32 years, and well in excess of

the combined capacity of our World War II enemies.

The expansion was enormous and continuous. Despite this the capacity of the industry — excepting only periods of work stoppage — was, for all practical purposes, fully utilized from the fall of 1940 to the fall of 1953. Only now has the feverish pace of production abated. Only now has the seemingly insatiable demand for steel been transformed into a normal competitive market. Only now are steel salesmen pounding your doors for orders.

This 52% expansion since 1940 involved the addition of facilities capable of producing 43 million tons of steel ingots. Ingots are produced by various kinds of steel-making furnaces, and ingot capacity

(Continued on page 42)

Can Science Win The War

SCIENCE, which as a matter of everyday habit solves the insolvable, has thus far been outwitted by one of man's smallest though most formidable foes—the bug. Despite millions of dollars and generations of painstaking research, scientific bug fighters have never yet succeeded in exterminating a single one of the 686,000 insect species that share the earth with man—consuming his food, his clothing, his home and, with annoying regularity, his carcass.

Mankind's eternal battle against the insect was summed up recently by George C. Decker of the Illinois Natural History Survey in these sobering words: "When man appeared on the scene, he found insects in full possession of this planet. They had made their appearance ages earlier and had developed to a point of dominance in the animal kingdom through the exacting process of evolution.

"Man exists because of his ability to outsmart insects. Actually, he is a late arrival who has attempted to displace a well-adjusted and highly versatile original population, which bars no holds to recover his lost property."

Whether you disfavor bugs as a weekend gardener, a member of the nation's multimillion-dollar insecticide industry, a consumer of bug-ravished products of agriculture, or for purely personal reasons, the statistics on insect damage are staggering.

Mr. Decker figures that in this country alone insects annually destroy crops, livestock and farm produce equal to the combined agricultural output of the five New England states, plus New York, New Jersey, and Pennsylvania. They nullify, he adds, the labor of at least a million working men every year.

Record Reproducers

Another insect expert makes the astonishing observation that the bugs propagated during a single year outweigh by a substantial margin the protoplasm produced by all other forms of animal life combined, man included. In the United States it is estimated that insects consume between 10 and 20 per cent of our total farm production—a loss running as high as \$8 billion annually!

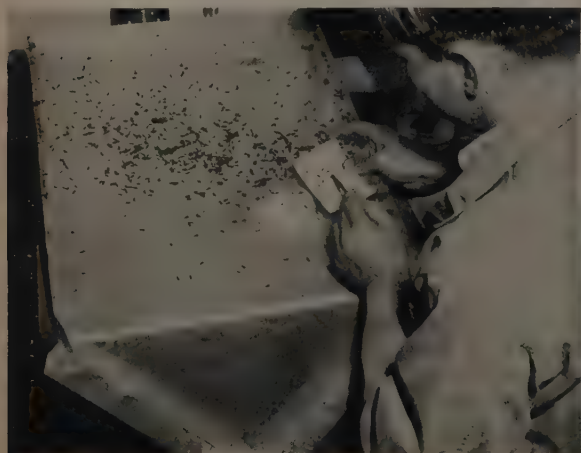
It is unlikely that the battle against insects will ever be com-

pletely won. Instead, it is a matter of holding an insidious enemy in check—keeping a step ahead of insects so they cannot regain the upper hand. In fact, despite today's very formidable losses to insects, great progress has been made in recent years against many of the most destructive species.

Insecticides Help

As recently as 1949, the European corn borer cost American farmers \$353 million in crop losses. Today, with powerful new insecticides, these staggering losses have been reduced 85 per cent. Since the war new insecticides have increased potato production per acre by 60 per cent, tobacco yields by 20 per cent, and sugar beet production by 75 per cent.

Grasshoppers, which back in 1932 turned countless acres of Dakota corn fields into dismal vistas of swirling dust, have very nearly been brought under control with insecticides. The Agriculture Department estimates that this apparent victory against the grasshopper, which has harassed mankind since Biblical times, has enabled farmers in the last 15 years alone to produce \$90



Putting a protectant material for woolens to the insect test.



Spraying peach trees for control of peach borers.

Against Bugs?

Now that some "die-hard species are becoming DDT-resistant scientists are busy readying a potent new weapon — neurogas

By LEWIS A. RILEY

million dollars worth of food and livestock feed that would otherwise have been lost to the devouring hordes.

Apple growers who once lost 50 to 90 per cent of their crops to the apple worm have with modern insecticides cut their losses to under five per cent. On still another food front, it is estimated that recent scientific progress in the campaign against insects has enabled livestock and poultry raisers to send to market additional meat, milk, and eggs valued at more than \$100 million annually.

Saves 5 Million Lives

Recent progress in the control of germ-laden insects has, if anything, been even more rewarding. One example is DDT which has been in general use less than a decade. In this short period, government health authorities estimate, DDT insecticides have saved some five million lives and have prevented 100 million illnesses through their ability to control insects that carry malaria,

(Continued on page 24)



Japanese beetles beware! The U.S. Bureau of Entomology is testing various types of baits to see which type attracts the most.



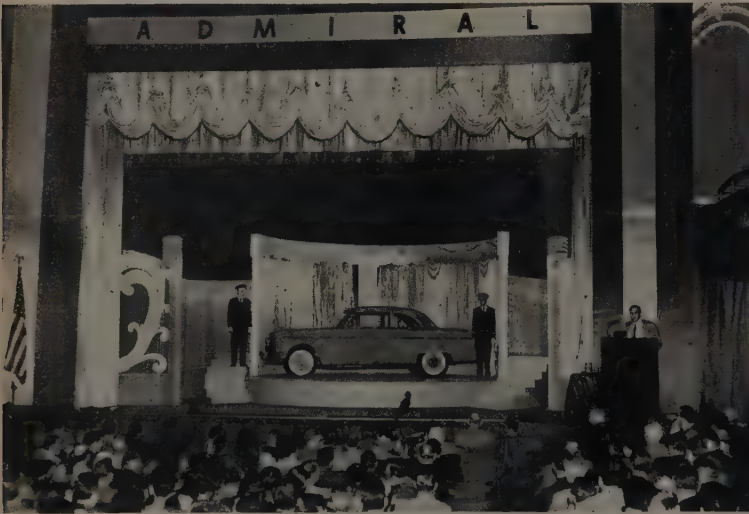
Pennsylvania potatoes get a protective spray.



Hornflies won't plague these cows for a while.



The prize catalog of Belnap and Thompson devotes a whole page to golf equipment.



Dealers who ordered two carloads of Admiral appliances got new Packards.



Mrs. Mike Holm, Minnesota's secretary of state, bought Wheaties to get miniature licenses.

Premiums:

IN THESE days of "hard selling" and wary customers, more and more manufacturers and retailers are turning to premiums and prizes to hypo sales at distributor, retailer and consumer levels. And with the premium market expanding, more manufacturers are finding it the needed secondary market for their products.

Premiums can be given away with the product — like the steak knife enclosed in boxes of washing powder. They can be offered in return for box-tops or wrappers (that's how the premium business was started 103 years ago when Benjamin Babitt began offering colored chromo for wrappers from his Sweet Home laundry soap). Premiums can be offered for coupons or box-tops plus cash. They can be given for collections of trading stamps or cash register tapes, with or without added money.

All Kinds of Products

Today, you'll find prizes or premiums and sometimes both used by makers of bubble gum and beer, sellers of steaks and store-fronts, manufacturers of television sets and appliances, operators of laundries and parking lots.

And you'll find major companies like Westinghouse, Ansco, Continental Can, Eversharp, Waltham Watch, and General Electric selling to users of premium promotions.

An item like a steam iron can be used as either a premium or a prize. Premiums are a reward for buying — an extra something to make the purchase more attractive. Prizes, on the other hand, are what their name implies — they're won in contests. In the business world, it's usually a sales contest, although prizes for safe driving and good attendance records are not uncommon.

The business is a big one. Gordon C. Bowen, president of the Premium

Old Sales Tonic Makes Comeback

The buyers' market is spurring colossal give-away programs

By THOMAS S. WATTS

Advertising Association of America and of the Premium Service Company, a subsidiary of the Curtis Publishing Company, reports, perhaps over-enthusiastically, that "this year alone more than \$1.3 billion will be spent on premiums and sales incentive merchandise."

The plain truth is, nobody can say for sure just how big the premium business is. But those who are in it, those using it, and those eyeing it as potentially useful to spur lagging sales know it's big and getting bigger. It's one business that picks up when consumer buying dips.

Simply put, the premium approach gives the consumer an extra reason for buying your product and the dealer or salesman an extra reason for selling it.

Perhaps most common are what this promotion-minded premium world calls "self liquidating" premiums. These are the gadgets, gimmicks and utilitarian things for which the company using them in its advertising gets from the consumer, besides proof of purchase—the wrapper, box-top or label—enough cash to cover the cost of the item plus handling charges. All he pays is the overhead. And yet his product sales can jump amazingly.

Licenses Spur Sales

Take the case of General Mills and the miniature license plates it has been offering with "Wheaties." Frank Bates, who directs the company's cereal advertising, says the plates gave Wheaties the "highest consumer sales since their introduction in 1923." Trade circles agree the plate idea upped "Wheaties" sales as much as 28 per cent.

So far, says James Street, who heads the General Mills premium department, 36 million miniature license plates have been disposed of in what he considers "the first



Trips to Europe are sometimes used as the top prize in sales contests.

self-liquidating deal with real continuity."

Translation: Kids will keep forcing their parents to buy "Wheaties" to get complete sets of the plates—and to start all over again with new collections each year. The company frankly hadn't figured the licenses would do that well, but on-package admonitions to "change to new 1954 plates" have sold as many boxes of Wheaties as the first series did last year.

The little licenses aren't something for nothing. Besides a box top, a youngster must send in 25 cents for a "regional" set or \$1 for the complete 48-state package. Also available: Foreign plates in at least three series.

This offer had an odd side reaction. Police in several cities were glad to get the complete sets for use in training traffic officers. And lots of "car bugs" began eating breakfast food just to get the plates.

The license plate idea is said to have been offered without takers to almost all other cereal makers before General Mills bought it. If you produce a packaged product for retail, is there another sales stimulant like that going begging?

Coupon plans are another facet of the premium industry. They "keep

'em coming back for more." These go 'way back to the famed United Cigar coupons, and they're found today on at least two brands of cigarettes.

The advertiser usually assumes part of the cost of premiums offered this way, but more and more of these plans require cash plus coupons. Premiums offered usually are nationally advertised brands. The consumer saves coupons from a product, redeems them from a catalog listing the merchandise.

With the price level climbing and coupon savers needing more of the slips to get costly items, companies show a trend toward combining their coupon premiums in one catalog so a consumer can trade in coupons from a number of products for some wanted thing like a toaster or an electric broiler. The Borden Company, Colgate-Palmolive-Peet, Brown and Williamson, and others are doing this.

Coupons for Retailers

Coupon plans aren't limited to consumers. Realizing that retailers like "something extra" too, many manufacturers pack extra coupons into case lots to nudge retailers to reorder faster.

In Rochester, N. Y., the Rochester Transit Corporation uses a catalog premium plan as an incentive for safer driving. It costs money, admits Thurlow McDonald, director of personnel and safety, but it can cut the insurance rate. Drivers get points to start with each month, add to them by completing a month without an accident, lose them if they crumple a fender. Points are exchanged for merchandise listed in a catalog.

Cappel-MacDonald of Dayton, O.,

(Continued on page 26)



A World Bank loan permitted Colombia to build a needed road system.

INTERNATIONAL AID CAN BE PROFITABLE

By EUGENE R. BLACK

Most taxpayers, corporate and individual, are well aware that this is the decade of international aid — a period in which the United States has given billions to foreign nations. Against this setting it is refreshing to review the operations of the unsung World Bank, whose mission is to aid the economic development of less advanced nations but which accomplishes that mission on a business basis at no cost to the American public. The Editors.

LATIN America is a vast area with a vast but largely undeveloped potential. Its peoples and its nations have the will to better their economic lot, and new sources of production — agricultural and industrial — are being created at a rapid pace.

Power and transportation are the keys to the area's economic future. To support industrial growth, a constantly rising demand for energy,

The author is president of the International Bank for Reconstruction and Development.

largely in the form of electric power, must be supplied. In addition, roads and railways must be developed to allow the area's agricultural and industrial products to reach domestic and world markets.

This is where the World Bank comes in. It has tailored its Latin American loans to meet the two great needs — power and transportation. Of the 39 development loans we have made in Latin America, 18 amounting to \$325 million have been for power, and ten amounting to \$102 million have been for transportation. The imports financed by these loans include generators, penstocks, and transmission equipment for power projects; and earth-moving and other equipment necessary for the construction and maintenance of roads and railways.

Power Loan

Among the power loans is a series of three aggregating \$109 million to Brazilian Traction, Light and Power Company, Ltd., a privately owned company which supplies 65 per cent of the total power output of Brazil. The company serves Latin America's most rapidly developing area — Sao Paulo, Rio de Janeiro, Santos, and contiguous territory. This is the industrial heart of Brazil and the center of coffee production and trade.

Power demand has skyrocketed during the last 20 years. To keep pace with demand, Brazilian Traction in 1948 undertook a huge development program, largely in the field of hydro-electric power. In 1949, it turned to the World Bank for help in financing part of the foreign exchange costs of the program. Today new installations with a capacity of 350,000 kilowatts are in operation and an additional 120,000 kilowatts will come into operation this year. A further 160,000 kilowatts in the form of a thermal electric power plant is also under construction and will operate with equipment paid for out of the proceeds of a loan we made last February.

The bank has not confined its lending for power projects in Brazil to Brazilian Traction. It has also helped in the development of four public power projects through loans of more than \$57 million. When these latter projects are completed in the next few years they will add

(Continued on page 28)

Packaging's New Personality

Today's container must be a salesman

ONCE upon a time, American business looked upon packaging as a necessary, but more-or-less secondary ingredient in the sales formula. Like no-smoking signs in the shop, and water-coolers in the front office, a package was something almost every company had to have, but something which, by itself, didn't add much black ink to the profit-and-loss statement at the end of the year.

Self-service merchandising gave packaging a personality. This new way of selling, which sprouted in food and drug stores at the end of World War II, demanded a new type of package—one that would turn a prospect into a customer with little or no outside assistance. So, the appearance of counters throughout the land began to change gradually.

The change is still underway in food and drug stores. Meanwhile, the new look in packages has spread to other fields. And producers of everything from grass seed to gas engines, cigars to perfume, are putting new wrappings around their products.

Few new packaging materials have been introduced in the last two or three years. But the old standbys—paper, fiber (corrugated cardboard), metal and glass—together with the postwar plastics and laminates (combinations of plastics, papers, and/or aluminum foil) have been finding new uses almost every day.

Boon for Industry

These new uses have increased the value of the packaging industry's product more than 100 per cent in the past ten years, to an estimated \$1 billion last year. Polyethylene squeeze bottles, introduced in 1947, have accounted for a major share of the increase. In 1949, they were used for about 200 products; today, the figure is about 2,000. According to

R. C. Evans, director of marketing for Monsanto Chemical, a major manufacturer of the plastic raw material that goes into these containers, demand is still greater than supply in spite of gargantuan increases in output.

Metal "aerosol" cans, the kind that squirt everything from shaving cream to whipping cream to paint, appeared in stores in 1948. Seven million were produced that year, 20 million two years later. In 1953, production was estimated at 140 million units.

More Paper, Glass

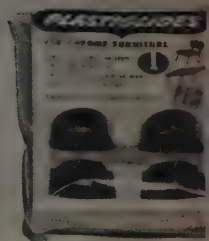
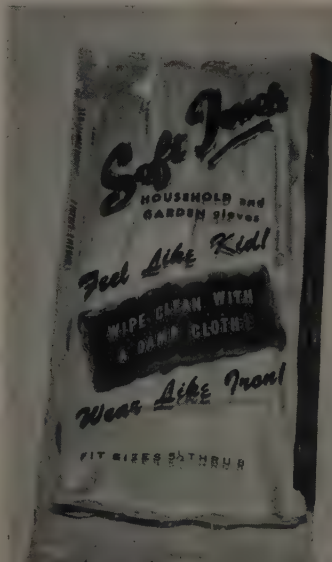
Glass container production, which amounted to about 86 million units in 1949, rose to 111 million in 1952 and to an all-time record of almost 120 million in 1953. Paper containers have had a similar growth. According to John C. Newell, managing director of the Folding Paper Box Association of America, use of paper cartons has increased from 100 to 600 per cent in the beverage, hardware, sporting goods, toy, and to-

Hardware is appearing in plastic packages.

By

PHIL HIRSCH

Package-type floor display.



bacco industries in the past decade.

Maple syrup, sundae topping, suntan lotion, toothpaste, and many more liquids and semi-liquids are among the products recently transferred to plastic and laminated containers. Plastic pouches now encase B-B shot, garden seed, detergent, headache pills, paint pigments, and form a combined package-dispenser for paper cups. Rigid plastic holds everything from golf balls to precision instruments.

Better and Cheaper

Generally, the reason for the growth of these packaging materials is that for many products, they provide a better container at lower cost than the older materials. Their comparative newness is an asset in promoting some highly-competitive products. But, more important, plastics like polyethylene, vinyl and plio-

film can be sealed tightly and easily, and they are chemically inert. In the case of one product, Southern Belle pecans, a pliofilm wrapper has increased shelf life by six months. Monsanto sells its Krilium soil conditioner in a plastic film-aluminum foil laminated package which provides protection previously found only in higher-priced glass containers, according to an official of the company.

Many food and drug products have been encased in plastics and laminates since right after the war. But self-service merchandising has a never-ending appetite for new and better containers, and packagers have been only too happy to fill this demand. Within the past few years, they've come up with a new wrinkle — the "unit of use" package.

The idea of unit packages is nothing new in the food and drug business. For years, single-serving boxes of raisins and cereal have been available at food stores; sugar cubes and individual portions of condiments have been served by restaurants; and drug firms have used unit packages for doctor's samples. But now, unit packages made of new materials are being wrapped around additional products.



Left above: Nails are being packed in fiber boxes that require only a fraction of storage space needed for kegs. Below: New linings permit soft drinks to be canned.



Sometimes, the unit package has two or more compartments. Lever Brothers, for example, recently mailed 18 million packets containing double samples of detergent to prospective customers. Small paper or plastic containers holding salt, sugar and other condiments are familiar to anyone who has eaten meal aboard a commercial airplane. Recently, some of these separate containers have been replaced with five-compartment plastic packets that hold salt, pepper, sugar, toothpicks, and gum. In food stores, you can buy popcorn packaged in a two-compartment packet that has corn in one compartment and oil in the other. And a west coast drug manufacturer has put up "morning" and "afternoon" doses of his vitamins in a similar container.

Appeal to Airlines

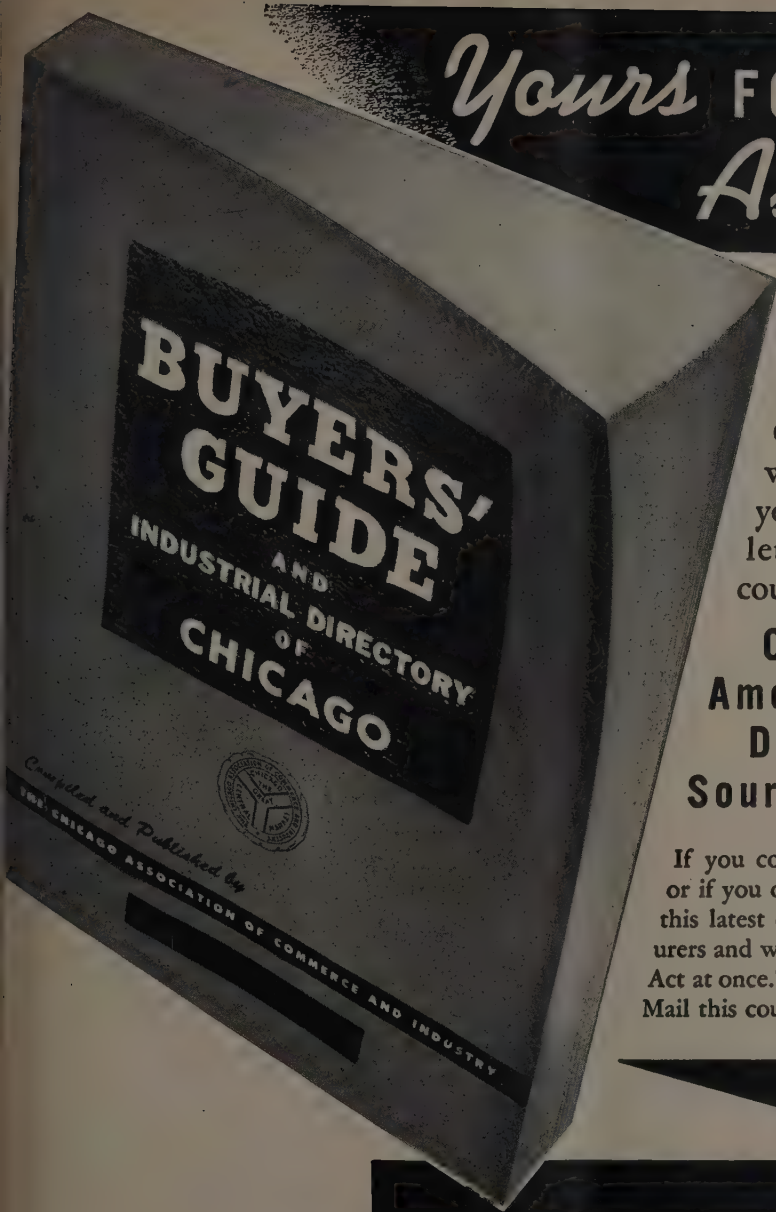
So far, unit packages have had their biggest acceptance among people who distribute ready-to-eat food like the airlines, railroads, and especially the restaurant industry. Many restaurants now serve jelly, mustard, ketchup, and related items in little plastic dishes covered by an easily removed plastic square that protects the contents until they are used. Walgreen drug stores mix a glass of frozen orange juice to order, thanks to a unit package which holds just enough for one serving.

Meanwhile, the number of unit packages appearing in food stores is increasing steadily. The basis of this growth, according to packaging experts, is that unit packages have two benefits — they offer an exact measurement of an individual portion and they preserve each serving until it is used. Within the past few years, unit packages have been wrapped around several new items; in other cases, they have spread to additional brands of a particular commodity. The list includes cocoa, instant coffee, salt, fruit drink concentrate, and spices.

The housewife, who is generally given most of the credit for the success of self-service merchandising, has a lot of items on her shopping list which weren't there in mother's or grandmother's day. This has altered both the distributive system and the type of packages used by many manufacturers. At least three brands of cigars, encased in trans-

(Continued on page 34)

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Can Science Win War Against Bugs?

(Continued from page 17)

typhus, dysentery and a host of other deadly diseases.

In the see-saw battle against the insect, science can ill afford to relax, even momentarily. One year a powerful new insecticide is created and a fresh onslaught is made against bugs. A few years later the enemy begins to display a resistance to the new chemical killers. Then it is the job of the chemist to develop a new insecticide that will bring the battle back into balance again.

A case in point is DDT. Already several robust insects are showing a disturbing resistance to this war-born killer, and they undoubtedly will transmit this immunity along to their multiplying offspring. One of the first insects to develop a resistance to DDT was the common house fly. He has been followed by DDT-resistant mosquitoes, lice, bedbugs and fleas.

Resistance Problem

One entomologist explains the resistance problem this way: "Household pests are currently reasonably well under control, yet there is no evidence that we have exterminated or even completely eradicated any of them from a large area. The continued use of millions of dollars worth of household insecticides annually will no doubt be necessary to maintain the status quo, and there is imminent the danger that one or more pests now suppressed may, by developing resistance to a number of chemicals, attain the upper hand and at least temporarily run out of control."

The urgency of redoubled efforts against the insect is obvious. Our population, now swelling by 7,000 persons a day, is expected to increase by more than 30 million over the next 20 years. This means a vastly enlarged demand for food and fiber to feed and clothe future generations.

On the other hand, virtually all land suitable for farming is already being used for that purpose. Increased production must come, not from new land, but from improved farming practices. More thorough insect control is clearly one of the best ways to increase farm production in future years.

What, then, appear to be the chances for further progress in the long battle against the bug? The answer is "Excellent."

For one thing, many an insect expert believes our most promising bug-fighting innovation is the use as an insecticide of deadly nerve gases, developed but never used by Germany during World War II. At last year's annual meeting of the Entomological Society of America the principal interest of 800 insect experts centered on the new nerve gas insecticides. They appear to open up a wholly new strategy in insect warfare.

Until these insecticides, called systemics, came along, an insect was comparatively safe as long as he stayed out of direct contact with bug killers. Even with a good insecticide and careful spraying methods it was impossible to cover all exposed areas on a tree or plant, and insects on the underside of a leaf escaped the lethal spray.

The nerve gas insecticides—the principal ones are called Systox and OMPA—need not actually strike an insect to kill it. Instead, they are taken right into a plant's system. If you spray a tree trunk with one of these insecticides, the poison drains out to the farthest leaf and kills an insect that sucks the plant juice. The liquid attacks an insect's nervous system, causing paralysis and death.

Plant Unharmmed

Moreover, the systemics cause no harm whatever to the plant itself, nor are they lethal to bees and other beneficial insects which do not feed on plant juices. Once a plant has been sprayed with a systemic insecticide, it holds the liquid in its system for many months, often eliminating the need for further spraying for the remainder of a growing season.

Developmental work on systemics based on wartime findings in Germany, has been conducted principally at the University of California. Experimental applications of the liquids have thus far been confined to the southwestern states. In one experiment two years ago, a treatment of only four ounces of Systox per acre mixed with water routed mites and aphids from a California cotton

field, and this year hundreds of thousands of acres of cotton fields and orchard groves have been sprayed with systemics throughout California and Arizona.

The question naturally arises that if the systemics paralyze insects, are they harmful to humans who consume the fruit or food? The answer, on the basis of tests so far completed, appears to be that they are not. While some residue of the insecticides is left in fruits and vegetable crops, it is far too small, researchers find, to cause ill effects in humans. Furthermore, the human body does not store up these chemical compounds.

It is unlikely that you will be eating fruit or vegetables treated with nerve gas insecticides for several years. Before that occurs, the new pest killers must pass a series of rigid federal and state trials to insure their complete safety from a public health standpoint. Ultimately, however, entomologists believe they will be used throughout the country.

Injected Systemics

Recent experiments also show that when systemics are injected directly into the blood stream of livestock, cattle grubs and blood-sucking pests like mosquitoes and flies are quickly paralyzed. Although such animals are not safe for human consumption for at least six months after treatment, this experimental line of attack against insects could have countless applications. "The whole thing," says Dr. W. S. McGregor of the U. S. Bureau of Entomology and Plant Quarantine, "opens up infinite possibilities. You could dream up a million fresh ideas, besides killing fleas on dogs. We have worked well with guinea pigs, sheep and cattle."

Systemics are only one of the fascinating new bug killing techniques now under study in laboratories across the country. Even atomic energy is playing an important role in the battle. In recent experiments, scientists have tagged insects with radioactive phosphorus, released them, and later trapped them, along with other insects, and determined by use of a Geiger counter which ones were radioactive. Information thus gained about how fast and how far insects can crawl or fly may be

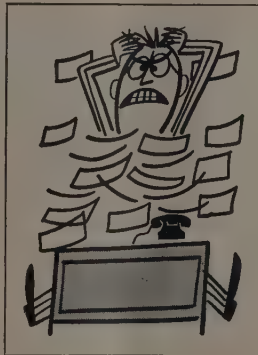
of tremendous value in migration studies of bugs.

In another series of tests, male screw-worm flies have been sterilized with gamma radiations and then released among normal flies. It was discovered that female flies that mated with the sterilized males laid sterile eggs. This, some entomologists believe, may be the beginning of another wholly new approach in the control of this deadly livestock pest.

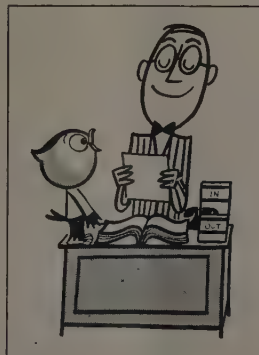
Other laboratories are exploring

the possibility that cathode rays and even radio waves can be harnessed to literally scorch the life out of insects. In laboratory experiments — though not in actual control operations — emanations from cathode rays have killed powder-post beetle larvae in wood, codling moth larvae in apples, and potato tuberworm larvae in potatoes.

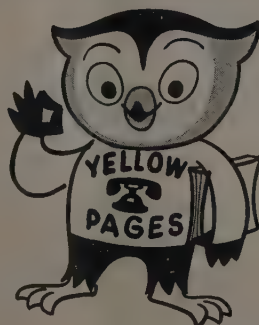
In tests with stored-grain pests, high-frequency radio waves have proved successful in killing rice weevils in wheat and pink bollworms



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in cottonseed. The waves quickly raised the body temperature of the insects to the lethal level.

Other scientists are working to develop long-range forecasts of insect outbreaks to enable farmers to adjust their planting schedules for crops. For instance, knowledge of Hessian fly's habits now saves millions of dollars in wheat crops. Years ago entomologists found that female Hessian flies lay eggs on the green shoots of fall-seeded wheat. When wheat seeding is delayed, the flies have nothing on which to lay their eggs. With this discovery, entomologists determined safe fall wheat-seeding dates for every area of the country in which winter wheat is grown.

Insects are not the only problem that confronts the nation's 4,500 professional entomologists these days. The rapid increase in the use of toxic insecticides has caused many people to wonder whether too many of these poisons are being applied to edible products of agriculture. There are, in fact, some who contend that the insecticides may be more dangerous than insects.

The agricultural chemical industry, which has been chiefly responsible for developing the new and more potent insecticides, has thus been called upon many times to explain that, while the new pesticides contain toxic chemicals, they can be used effectively without endangering

life or health. Furthermore, when only a few, general-purpose formulations were available, heavy dosages were often necessary to kill insects. Because of the smaller dosages required, modern insecticides are safer to handle and are actually less dangerous.

As Dr. W. L. Popham, assistant chief of the Bureau of Entomology and Plant Quarantine puts it, "Although a billion pounds of insecticides are manufactured in this coun-

try annually, authentic records of ill effects from their use when properly applied are almost completely lacking."

In rare instances, of course, there have been accidents with insecticides. But, as the agricultural industry has pointed out, it takes deadly chemicals to eradicate deadly insects. And, they add, aspirin has caused as many as 70 accidental deaths in a single year—yet aspirin has not been outlawed!

Premiums: Old Sales Tonic Makes Comeback

(Continued from page 19)

a major national premium house, produces the catalog for Rochester Transit and arranges all the premiums. It's also one of a number of firms in the sales incentive end of the premium business. And, as such, it's an important customer of a number of manufacturers.

Then there are firms like Belnap and Thompson and Ross Coles of Chicago that conduct contests for major manufacturers.

Belnap and Thompson, for instance, consider themselves specialists in sales incentive programs. They point out to prospective clients that only two out of ten salesmen usually have ambition and drive. Their prize contests are aimed at putting some zip into the less energetic eight.

B and T will work out an entire sales contest for a manufacturer or other type of business concern. Their

counseling on contest strategy is free; they make their profit on the sale of prize merchandise. For an additional charge of nine per cent above the cost of the merchandise, they will do most of the contest paperwork. This is accomplished through the medium of what B and T calls a "sales incentive bank." Under this system, all the company does is write out "checks" for merit points to the salesmen as they earn them. The salesman then sends his checks and an order form to B and T's "bank." B and T maintains a large warehouse in Chicago and says it processes all orders within 48 hours.

B and T's elaborate prize catalog, which can be imprinted with the name of a client company, contains literally thousands of prizes, including furniture, silver, and even men's suits. It's filled with items made by nationally known firms. On the TV pages, for instance, ten major brands are available to point-winners and there are two or more models in each brand.

Companies are advised to make their sales contests family affairs. Special mailings, B and T says, should be sent to wives, who if needed can needle their spouses into greater sales effort. A corollary to this approach is the fact that only 30 per cent of the prizes shipped out by B and T are of the for-men-only type; the rest are either for the home or are exclusively for the ladies or children. Most prizes are in the under-\$25 price range, but there are some that run much higher. B and T has an arrangement with American Express covering trips to Europe, Mexico, Florida, Bermuda, Cuba and Hawaii. If you're a good

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enough salesman, you can win almost anything.

In Chicago, Admiral Corporation makes aggressive use of premiums in its sales promotion. Early this year, to stimulate carload sales of home appliances to dealers, it made an offer of Packards and minks. A dealer placing an order for two carloads of its appliances earned a Packard. A single carload order was rewarded with a mink stole, valued at \$1,500 for the dealer. Currently the company is wooing customers with a premium offer of a nationally known canister type vacuum cleaner at \$7.95 — one-tenth of its retail value — if the consumer purchases an Admiral product selling for \$195 or more.

New Trend

A new — and growing — trend among food retailers combines the self-liquidating and catalog-coupon plans with spectacular sales results.

American Stores Company of Philadelphia reports its Lucky Calendar premium promotion, launched only last November, brought 350,000 customers into 201 Pennsylvania and Delaware supermarkets the first month. In January, a slow month in the food field, sales topped the chain's previous record month and were well over \$1 million ahead of the year before.

Operators of Piggly Wiggly stores in the South and parts of the Midwest report their sales jumped 15 per cent to 20 per cent through use of a trade-card plan offering dinnerware.

Grocers who are members of the Independent Grocers Alliance can buy a complete premium package from IGA. The grocer gets premium catalogs. The customer sends cash register tapes from the store equal to the retail price of a wanted item, plus cash for the special "Club price" to IGA's premium headquarters in Chicago.

An example: A premium in the catalog is valued at \$39.95 at retail. A customer sends in cash-register slips totaling \$39.95, plus \$21.69 in cash — the "club price" of the item. This is a self-liquidating deal — IGA buys the premiums in volume at a reduced price. Discounts to the customers average one-third, sometimes run to 50 per cent off.

A survey by PREMIUM PRACTICE, "the magazine of incentive merchandising," shows that two-thirds of America's chain food stores are using premiums today and another 17 per cent of them are considering or testing some variety of premium plan. Two years ago less than half of these stores were using premiums.

Independent food stores, too, are turning to premium plans in growing numbers. Trading stamp companies in the food field — outfits

that sell grocers complete premium programs and handle all details — report their business volume up 50 per cent in the past year. And most of the increase has come from independent grocers or members of voluntary chains.

Here's what premiums can do:

They can and do increase the size of the average purchase — giving the merchant needed added volume at low cost. They bring in new store traffic. They build customer loyalty. They have been used to bolster weak



Out of 90 wildcat wells drilled by Cities Service last year, over 67 were dry. And, you may say, "Bad business." But actually these dry wells represent the "good business" sense of the entire industry.

Even with all the latest scientific methods at their disposal, oil men cannot always be certain of a black-gold find beneath strange lands. What is important is that Cities Service, as well as the rest of the industry, is willing to risk huge sums on any reasonable evidence that they may find oil.

One company may decide not to drill an area, while another will say, "Let's take the risk." This is gilt-edge assurance to the nation that every possible area will be explored. It's a marvelous example of how

our free enterprise, competitive system constantly influences all American business in a direction that will always benefit the consumer.

Cities Service will continue to make new oil finds to help fill the oil larders of the nation . . . known underground oil supplies are over four times what they were thirty years ago. Cities Service will continue to drill dry wells too . . . the odds are 8 to 1 against bringing in a producing discovery well. And these hundreds of dry wells, with the millions of dollars spent on them, will in themselves serve as a monument to the constant efforts of the American petroleum industry to keep our country strong and to keep our standard of living the highest the world has ever known.

departments — get customers to shop the whole store, not just the meat department, for instance.

Not all merchants view the growth of premium plans with pleasure. There have been complaints from department stores and appliance dealers, for example, who condemn the use of premiums as "bootleg selling."

Ben Gordon, executive vice president of Rich's Department Store in Atlanta, cites results of a Buffalo survey to show how, he says, the something-extra idea hurts those who sell without premiums.

A typical example, Mr. Gordon says, is the Osterizer food blender. These retail at \$29.95, cost retailers \$24.23 and are available for \$20.45 in premium certificates. The groceries, complains Mr. Gordon, distribute more Osterizers in Buffalo than all the area's appliance retailers sell.

But Carl Schindler, who buys premiums for Loblaw, Inc., an eastern food chain with headquarters in Buffalo, contends that premium plans reach customers the regular retailer couldn't sell anyway.

You'll find premium plans in use now in virtually all retail fields. Frankfurter packers — five of them, non-competing — report their sales doubled through packaging comic books with the weenies.

In the furniture field, Douglas Furniture Corporation of Chicago reports sales of its "Fresco" chrome dinette sets jumped 34 per cent

when dealers were supplied with matching place-mat and hostess apron sets to be given free with each purchase.

Manufacturers of consumer products find the booming premium market growing in importance. C. W. McClarron, vice president of Buckeye Aluminum Company of Wooster, O., reports sales to contest houses and other premium distributors now account for 25 per cent of his firm's total volume and adds: "I don't think there's ever been the interest in premiums that there is today."

Sales Increasing

Helen Oppenheim of Chicago's Dorothy Creations, doll manufacturers, says her company first began selling the premium market last year, now has 18 to 20 per cent of all sales going to premium users.

C. F. McGraw of the appliance-making Crosley division of Avco Manufacturing Corporation, reports that a separate department for premium sales was set up last year and that 1953 sales to this market ran 56 per cent higher than the year before.

Ekco Products Company of Chicago has a similar story. Charles Eichelkraut, assistant sales manager of the company's premium division, says that five years ago his division consisted of two persons. Now it has 15 men devoted exclusively to sell-

ing the premium market. He says Ekco is looking for its biggest year ever in premium sales this year.

Bowen of Premium Advertising Service gleefully reports that an Alabama church not long ago acquired an organ through collecting Octagon Soap coupons. And he says the entire city of Miami joined in saving cigaret, soap and other coupons to get furnishings and equipment for the orthopedic wing of a hospital. These campaigns sold the product and at the same time built a reservoir of good will that the participating companies expect to draw upon for years.

How can premiums help your business?

Bowen is frank to say that, for some people, premiums can't do much. He says that when premium advertising is chosen out of desperation, the conditions producing the desperation usually spell failure.

But he adds that: "properly used as part of an overall selling program, premium advertising is unexcelled as a low-cost way to produce high-velocity sales. It's advertising on velvet because the advertiser using premiums isn't spending on speculation — the customer gets the premium only after he's paid for the product."

Premiums have a place in the economy. Bowen would have you know that a third of the china-ware, one-sixth of the enamel-ware and one-tenth of the aluminum-ware annually manufactured in America are used in the premium trade.

Appliances, white goods, television and even air conditioner producers are premium and prize suppliers as well as users. For many such companies, premiums are becoming a major part of their business.

International Aid

(Continued from page 20)

400,000 kilowatts to the electric power capacity of Brazil.

Two loans of \$3.5 million each that we made in Nicaragua in 1950 and 1954 illustrate what is being accomplished through transportation loans. With the funds, Nicaragua has purchased abroad equipment and services for a long-range road building and maintenance program. Under construction are a system of

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all-weather highways linking the capital city of Managua, the provincial capitals and the seaports; and a network of farm-to-market and feeder roads connecting with the main highway system.

The transport loans and a small agricultural equipment loan have opened up new land, increased productivity in old land, and reduced spoilage and other loss due to transport difficulties. The acreage devoted to cash crops such as cotton, sesame, rice and beans has been increased by 67 per cent, largely as a result of new means of access and distribution and of the use of agricultural equipment to clear or prepare the land.

All Latin American nations except Argentina are members of the World Bank. The bank — whose formal name is the International Bank for Reconstruction and Development — has been making economic development loans on a world-wide basis since 1948. To date it has made 100 such loans, totaling \$1.4 billion. Latin America tops the list with \$476 million, followed by Europe with \$293 million, Asia and the Middle East with \$245 million, Australasia with \$204 million, and Africa with \$200 million. By classifications, the loans break down as follows: electric power, \$506 million; transportation and communications, \$422 million, agriculture and forestry, \$163 million; industry, \$177 million; and general development, \$110 million.

Private Concerns

With respect to bank lending as a whole, more than \$214 million has gone directly to private concerns. In many cases where we have lent directly to governments, the funds have been helpful to private enterprise in the form of exchange availabilities. For example, we have made three loans amounting to \$204 million to the government of Australia for broad development purposes. More than half of the money will be employed by private industry and agriculture to purchase equipment abroad.

To insure that the projects on which we lend are economically and technically sound and that our borrowers will be in a position to service and repay their loans, the bank has developed investigatory and fol-

low-up procedures to meet its special requirements. A natural outgrowth has been the technical assistance services rendered to member countries. Frequently, bank missions investigating or following through on loans run into technical difficulties and find themselves working with the borrowers to overcome them.

Engineering Advice

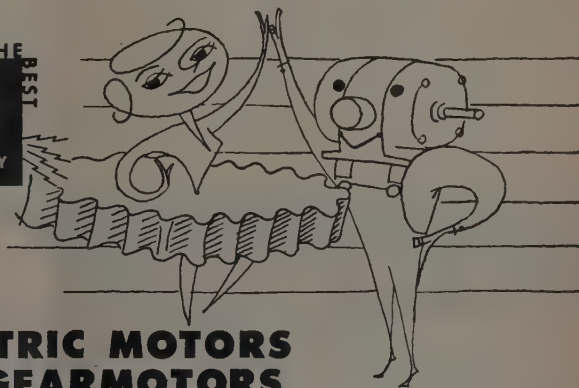
In connection with loans, we have given advice on all types of engineering questions concerning the site, form, type of equipment and methods of construction for projects; on management and control problems faced by borrowers in the construction and operation of projects; on methods for raising local capital to meet local costs; and on market analyses for what projects may produce. This work has been particularly important in the less developed countries that have only limited experience in planning, managing and operating the highly complicated facilities that comprise the base for development.

We also have a program of broad-

scale technical assistance outside of loan operations. It is designed to assist member countries in appraising their development possibilities and in determining the policies and projects that would help them realize these possibilities. The program consists of sending to member countries, at their invitation and partly at their expense, what we call "general survey missions." The missions are composed of international groups of experts on such matters as economics, mining, fiscal administration, agricultural production and marketing, water resources and their uses, electric power transportation, public health, education and training. Colombia was host to the first of these missions in 1949. Eleven other groups have been organized and gone to British Guiana, Ceylon, Cuba, Iraq, Guatemala, Jamaica, Malaya, Nigeria, Surinam, Syria and Turkey.

General survey missions spend several months in the field and on their return prepare and submit extensive reports, including recommendations, to the governments of the countries concerned. The recommendations

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are based on realities—a project must be practical as well as desirable to be recommended by a mission. The considerations include available manpower, particularly skilled manpower; physical assets such as minerals, power potentials, soil and existing industry and trade; and the amount of public and private investment that is available in the foreseeable future.

The value of technical assistance is difficult to measure. In the long run this service may prove more valuable to member countries than loans. It performs, among other things, one vital function. Through technical assistance the bank is helping in the formation of local capital and in guiding it into development. And the bulk of investment necessary to finance any development program must be raised locally.

The bank came into existence when its charter was approved at the Bretton Woods Conference in 1944. Its first loans were made in the spring and summer of 1947. They helped cover part of the foreign exchange costs of postwar reconstruction in four Western European countries. We lent \$250 million in France, \$195 million in the Netherlands, \$40 million in Denmark, and \$12 million in Luxembourg. The amounts involved were small in relation to overall needs at the time. But, the loans did supply vital foreign financing, principally

in dollars, in the critical period before the start of the United States aid program for Europe in 1948.

France, the Netherlands and Denmark used the proceeds of the loans to purchase abroad a very wide list of items including machine tools, steel mill, aircraft and railway equipment, raw materials and shipping, all of which were required to restore productivity and trade. Luxembourg, on the other hand, limited the use of the proceeds of her loan to imports of railway and steel mill equipment.

Only a small part of the import requirements for the reconstruction of Western Europe could be financed by the bank. It was obvious that we did not have the financial reserves necessary and that the amounts needed were far greater than the countries of Western Europe could borrow with any reasonable prospect of repayment. Once the United States aid program got under way, the bank was free to devote its energies to its long-range objective — the financing of the foreign exchange costs of economic development. The 100 loans made by the bank since the spring of 1948 have all been development loans.

In the early days, our most difficult job was the development of a market for World Bank bonds in the United States. Three obstacles stood in the way: The bank and its bonds were new and unknown quan-

tities to investors; its business of international lending recalled to the minds of investors some of the unhappy experiences in this field in the 1930's; and our issues were not legal for investment by institutional investors in many states.

We carried on a widespread program explaining what the bank was, its purposes, how it operated and the nature and quality of its bonds. We stressed at that time that 100 per cent of subscribed capital is not paid in by the 56 member countries, but instead is in the nature of a guarantee fund securing our issues. This unpaid capital can be called only to meet our obligations for money borrowed or loans guaranteed. It amounts to \$7.2 billion, of which the U. S. share in event of calls would be more than \$2.5 billion.

Marketing Program

Through our marketing program, we have achieved a wide distribution for the bank's bonds. Currently, there are \$754 million of World Bank bonds outstanding, divided into 16 issues. Of these, a total of \$665 million in eight issues are dollar bonds. They are widely held throughout the United States, and are legal for investment in most states by mutual savings banks, insurance companies, and pension and trust funds. These institutions are the principal holders of our bonds in the United States. Unless we had received wide acceptance of the bank's operations, as a whole, such a record could not have been possible.

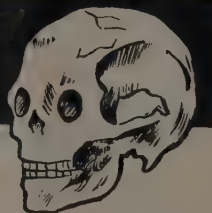
The bank's dollar bonds also have been eagerly sought for investment in other countries. Of the \$665 million in dollar bonds outstanding, about \$160 million or more are held abroad.

A ready market for non-dollar bonds of the World Bank also exists abroad. Beginning with a small private placement amounting to 17 million Swiss francs (\$4 million) in 1948, which has since been retired, we now have a total of 263.5 million Swiss francs bonds (\$61.3 million outstanding).

The bank's operations have been consistently profitable. Earnings for the current fiscal year are running at a rate of about \$20 million, and total earnings credited to reserves by

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the end of May aggregated \$95 million. We have also added to reserves \$48 million derived from a special commission of one per cent a year which our charter requires us to charge on the disbursed and outstanding portions of all of our loans. Total reserves by May 31, 1954, amounted to about \$143 million, equal to 19 per cent of the bank's outstanding bond issues of \$754 million.

Through making foreign exchange available for equipment and services imports for development, and through advising on capital formation and use, the bank has acted as a catalyst for other investment — public and private. We have committed about the equivalent of \$2 billion for 300 loan projects. This sum is more than matched by local and foreign investment on those projects from other sources. Consequently, instead of \$2 billion being involved in our loan projects a total of \$5 billion or more is involved.

Trade, too, has been stimulated by our loans. Here in the United States our borrowers have spent about \$900 million for equipment and services. Further business to United States concerns can be expected from our loans in the future.

This is the bank's record of the first ten years since Bretton Woods. What will the next ten years bring? I expect the bank to be even busier. As development progresses and various basic facilities which we have financed come into greater use, it is likely that we will be lending more frequently for industrial and other ventures that will use those facilities. This will also mean a further expansion of our technical assistance to cover the new types of undertakings in our member countries.

So far about \$75 million of the bank's loans have been purchased from us by private interests in the United States and other countries. In some instances, as in the case of our four latest loans in Norway, Peru, Pakistan and French West Africa, private interests had indicated their willingness to participate with us by agreeing to purchase a part of the loan from us once we had made it. It is our hope that as private capital becomes more confident of its chances abroad, that we will be able to participate or join with it in productive foreign investment on a greater scale than we have to date.

Here, There and Everywhere

(Continued from page 8)

by a group of lawyers and accountants, each of whom is said to be a tax practitioner with special expertise in the field he covers. Headquarters are at 33 W. 42nd St., New York City, and a subscription costs \$15 a year.

• **Luxury Loans Out** — Some of the joy has been taken out of FHA home modernization loans. A recent ruling by the Federal Housing Administration, acting in its own words "to curb abuses" in its Title I program, made barbecue pits, swimming pools and other luxury items ineligible for FHA modernization and repair financing. Also among the 26 "luxuries" on which loans will no longer be made are tennis courts, kennels, penthouses, airplane hangars, bathhouses, dumbwaiters, photomurals, landscaping, tree surgery, and television antennae.

• **Fast Service** — Chicago is an hour closer to San Francisco now that United Air Lines has inaugurated

non-stop DC-7 service between the two cities. Flight time on the 58-passenger, \$1,650,000 planes is just six hours and 15 minutes. United has also put DC-7's into non-stop service between Chicago and Los Angeles (six hours) and Chicago and New York (two and a half hours). The DC-7's, which are the 33rd type of plane used by United in its 28-year history, have a cruising speed of 365 mph and a top speed of 410 mph. They are the world's fastest piston-engine commercial aircraft.

• **Real Estate Primer** — Layman's language is used to explain the fundamentals of real estate transactions involving income-producing properties in a booklet written by Louis J. Glickman, New York real estate investor. Glickman wrote from the conviction that many more businessmen would invest in real estate "if convinced that the entire field was not shrouded in an impenetrable fog of financial wizardry." The 16-page

(Continued on page 47)

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Franklin 2-7700



Industrial Developments

... in the Chicago Area

INVESTMENTS in industrial plants in the Chicago area totaled \$34,649,000 in June compared with \$11,028,000 in June, 1953. Total investments for the first six months of 1954 stood at \$133,264,000 compared with \$74,197,000 for the same period in 1953. These figures include expenditures for the construction of new industrial plants, expansions of existing buildings and the acquisition of land or buildings for industrial purposes.

• **Standard Oil Company of Indiana** is continuing the expansion of its refinery at Whiting with the addition of a crude distillation unit, a naphtha debutanizer, vapor recovery unit and treating and blending facilities. The company is also adding facilities for anhydrous ammonia and ammonium sulphate production.

• **Reynolds Metals Company** is installing a tapered skin line at its plant at 1st avenue and 47th street, McCook. This will provide 160,000 square feet of floor area and several internal structural changes will be made. The program also involves erection of a large boiler house, crane ways and some office installations. Vern E. Alden and Associates, engineer.

• **Continental Can Company**, which operates eight plants in the Chicago area, is constructing a three-story laboratory building adjacent to the company's machine shop and tool making facilities at 76th and Loomis street. The building will contain 250,000 square feet of floor area.

• **Joanna Western Mills Company**, Jefferson street and Cermak road, is erecting a 72,000 square foot addition to its plant. The company man-

ufactures shades, shade cloth, binding and other textile products. Vern E. Alden, architect.

• **Magnecord, Inc.**, which operates two plants in Chicago for the production of wire and tape recorders, has acquired the former Hannifin Corporation building at 1101 S. Kilbourn avenue. Magnecord will consolidate its two operations at the new location, which contains 72,000 square feet of floor area. J. J. Harrington and Company, broker.

• **Union Asbestos and Rubber Company** will utilize the building recently acquired at 3100 W. 51st street for the manufacture of convectors and heater units. The building contains 106,000 square feet of floor area.

• **Cantrell and Cochrane Corporation**, 926 W. 121st street, is a new company in Chicago engaged in the manufacture of soft drinks. The unique feature of its product is that it is contained in cans.

• **S. & C. Electric Company**, 4435 N. Ravenswood avenue, is expanding its second plant at 6545 Ridge avenue, built in 1951, with the addition of 20,000 square feet of floor area. The company manufactures high voltage power equipment. Milton S. Carstens, architect.

• **Neo Products Company**, 2534 S. Kedzie avenue, is building a plant at 5352 S. Kilbourn avenue. The new plant will contain 16,000 square feet of floor area. The company manufactures wood, metal and plastic displays.

• **Chicago Tramrail Company**, 1400 W. Washington boulevard, is erecting a 15,000 square foot structure at 13th street and Kostner ave-

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nue. The building will be used for light assembly, warehouse and office space.

• **Sawyers, Inc.**, 3500 N. Kostner avenue, manufacturer of stereoscopic photographic equipment, is making a second floor addition to its Chicago plant. The addition will contain 17,000 square feet of floor area. W. Fred Dolke, architect.

• **Republic Molding Company**, 6467 N. Avondale avenue, is expanding its plant with the construction of 18,000 square feet of additional floor space. Fox and Fox, architects.

• **Robertson Photo-Mechanix Inc.**, 3067 N. Elston avenue, is erecting a plant at 7440 W. Lawrence avenue, Harwood Heights. The structure will contain 14,000 square feet of floor area. The company manufactures large industrial type cameras. Klefstad Engineering, engineer.

• **Ayerst Laboratories**, a division of American Home Products Corporation, has acquired a one-story building at 3435 N. Knox avenue, which contains 7,500 square feet of floor area. The company produces pharmaceutical products.

• **Globe Houseware and Manufacturing Company**, 1106 S. Canal street, has acquired a three-story

factory building at 1444 W. 37th street in the Central Manufacturing District. Winston and Company and Chandler and Montague brokers.

• **Western Felt Works**, 4115 W. Ogden avenue, is making an addition to its plant. The company

manufactures felt and synthetic rubber products.

• **Cook Electric Company**, 2700 N. Southport avenue, has acquired the two-story building at 2533 N. Ashland. The company manufactures electronic components.

Packaging's New Personality

(Continued from page 22)

parent plastic wrappers instead of the well-known wooden box, are available in supermarkets.

One firm, the Bayuk Cigar Company, made the move into supers after learning that 40 per cent of its sales were made to women shoppers. The demand of self-service for a visible package that could attract business by itself was one reason for the new package. Another was that cigars don't move as fast in supermarkets as in drug or tobacco stores. Bayuk's new package, a triple plastic wrapper, is guaranteed to keep the cigars fresh for six months.

The growth of "quick service" in the hardware business during the past few years is also due largely to the fact that women make up an ever-growing percentage of the customers. Until recently, many hardware items were sold in bulk. If you wanted cuphooks, nails, screws, or similar items, you had to pick them out of a counter bin, usually one by one. If you were in the market for a

door handle, a sink drain, or a bathmat, the chances are you'd have to rip open a package to get a look at the item before purchasing it.

Now, however, many hardware stores are offering nails, screws, and similar items in transparent plastic packets. Hibbard Spencer Bartlett and Company, the nation-wide hardware distributing firm in Evanston, packages screws and nuts of various sizes in a rigid plastic box. The box is designed as a permanent receptacle, after its original contents have been emptied.

More and more paper and cardboard containers are being designed to sell the product as well as hold it, according to J. E. Stone, sales promotion manager of Hibbard Spencer Bartlett. Small appliances, such as bathroom scales, and bathroom rubber goods are among the items that have been transferred recently to "window" boxes. Hardware manufacturers are using colored boxes and printed sales messages instead of drab, brown, blank containers. An increasing number of products come in packages which, by bending here and cutting there, can be made into counter displays, Stone added.

This gradual change in the appearance of the nation's hardware store counters is part of a far-reaching ferment that has affected design of virtually all the prewar packaging materials.

Generally, there is much more color and printed material on containers made of glass, paper, fiber and metal than there was five or ten years ago. Even the corrugated cardboard shipping containers that spend most of their time in a store-room have been affected by this trend. Several large-appliance manufacturers have added color and sales copy to their shipping cartons. The reason, according to Merritt C. Thiem, traffic counsel of the Fibre Box Association, is that when these items are delivered, they often have

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to be left on the sidewalk until room can be found inside the store. Among the passing pedestrians are potential customers, enough prospects, it is felt, to justify the expense of turning the shipping container into a billboard.

Fiber box manufacturers, who say their product encases 85 per cent of the nation's packaged freight, have come up with several ideas aimed at increasing that figure. Lettuce grown on the west coast, for example, used to be placed in wooden crates and covered with ice. The ice sometimes caused brown spots to appear on the lettuce, which generated sales resistance when the shipment reached the produce counter.

A new packaging method was developed which eliminated the top layer of ice, and the brown spots. The lettuce, packed in fibreboard boxes, is now vacuum-cooled before moving into the refrigerated railroad car. Ice, poured into bunkers at either end of the car, keeps the shipment fresh in transit.

Nails, which used to be shipped in wooden kegs, are now packed in fiber boxes that have double or triple layers to bear the weight. Because the containers are collapsible, the nail manufacturer can store them in a fraction of the space required for kegs, Thiem explained.

Inner Excellence

From the outside, many fibreboard containers look the same as they always have. But inside, new kinds of supports, dividers, and ribs have been developed for reducing damage to the product in transit. New kinds of plastic, foil and paper liners have been added which enable box manufacturers to make a stronger bid for business among liquid and powder producers. One box firm, for example, has developed a glassine-lined box that will hold liquids for several weeks without seepage. Already, the box is being used for shipments of meat and other moist products, and the company thinks its package is excellent for granular or powdered materials.

Meanwhile, glass packages have been developing new shapes and improved labeling methods. Glass container makers are experimenting with the use of plastic linings on the inside of jars and bottles in an effort to reduce the breakage problem.

Small, thin tubes known as "am-

poulettes" have been developed for perfume, hand lotion, bath oil, and several other products. Ampoulettes are used individually for samples, and are sold several to a package at toiletry counters. In some cases, the tubes are opened by snapping off one end. The contents are emptied by capillary action. In other cases, where thick fluids like hand lotion are involved, a tiny, dropper-type rubber bulb is used to remove the contents.

Many Uses

The tremendous number of new uses that have been found for metal aerosol cans is hard to believe. Yet, last year, the U. S. Department of Commerce, an agency not inclined to overstatement, found these cans in 70 per cent of all medium and large-size retail stores in Philadelphia.

Here is a partial list of the products now being packaged in aerosol cans: hair shampoo, shaving cream, burn lotion, cake topping, rust preventative, gun spray, paint, shoe polish, upholstery cleaner, furniture polish, mothproof, industrial belt

dressings, blow torch fuel, machine oil, lubricants, Christmas "snow," and anaesthetic.

Can-makers have been continuing their years-long research on inner coatings and side-seam cements. Additional coatings have been developed recently which permit canning of many new food and non-food items. The industry also has been reducing its reliance on tin, because of the transportation cost (most U. S. tin comes from Malaysia and Bolivia) and the difficulty of obtaining the metal in wartime. In 1940, the American Can Company was using 30 pounds of tin per ton of steel. Today, that figure is less than 13 pounds. And a tinless can, for meat products, is now being tested.

Research on side seams solders has also helped reduce tin consumption. In some applications, plastic has been substituted for the tin. Today, solders with five to 10 per cent tin concentrations are being used, and with better results than prewar solders that were 35 per cent or more tin. Thinner steel plate is also being used in today's cans. Depending on the type of metal container, between

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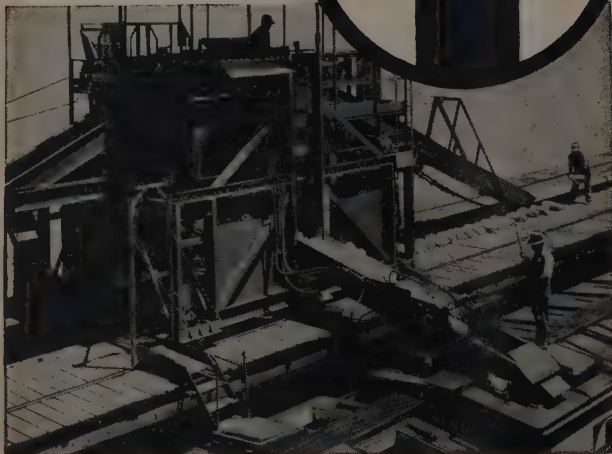
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five and 10 per cent less steel is now being used than was needed before the war. The aggregate savings to manufacturers, processors, and consumers produced by this reduction in tin and steel consumption amounts to "millions of dollars a year," according to American Can officials.

Scientists and engineers have also been hard at work on packaging machinery. Within the past few years, variations in the fill-heights of liquids have been reduced with the aid of X-ray machines. There is a difference of less than three-sixteenths of an ounce in the weight of cereal boxes and sugar bags filled by another new device.

Speeds Increased

Packaging speeds have increased. Baby food jars are now processed at a rate of 550-600 a minute, compared to about 300 a minute four years ago. And in the past ten years, the processing rate for 12-ounce beer cans has risen from 240 to over 500 a minute.

There are now individual machines which form, fill, and seal containers, others which start with a collapsed cardboard or paper "blank" plus a roll of aluminum foil, plastic, or paper lining material, and turn out a lined container seconds later at the other end. The cracker industry has a machine which, besides counting and wrapping quarter-pound units of crackers, rejects broken crackers automatically. Formerly, two or more units were required for the job done by each of these machines.

Several new vacuum-packaging methods have been developed. By exhausting the air from inside the container, it is possible to preserve many perishable products longer. Electronic Products Corporation, Chicago, recently unveiled a machine which replaces the air inside packages of veal loaf, frankfurters, ham, bacon, and other meat products with an inert gas. The machine removes all but about five per cent of the oxygen. Packages are processed at a cost of about one mill each and at a speed of one per second.

The packaging expert may have occupied a back seat in the conference room once, but it's clear from these developments that he is management's right hand man now.

Transportation and Traffic



THE Interstate Commerce Commission has denied petitions for reconsideration and reargument in No. 30994, Western Traffic Conference, Inc. v. Atchison, Topeka and Santa Fe Railway, et al. In its report of January 27, 1954, the commission ordered the establishment of the modified Classification Rule 10 (mixed carload rule) within Mountain Pacific territory and from and to that territory, on the one hand, and Western Trunk Line and Southwestern territories on the other. On movements between Mountain Pacific territory, on the one hand, and Official and Southern territories, on the other, the commission ordered the establishment of the so-called streamlined Rule 10 on eastbound traffic and the modified Rule 10 on westbound traffic. Under both the streamlined and modified Rule 10 the charges on a mixed carload shipment are based on the rate applicable to each article in the shipment at the actual or authorized estimated weight, and the minimum weight is the highest provided for any article in the shipment. Any deficit in minimum weight is charged for at the lowest rate applicable to any article in the mixed carload shipment. The difference between the streamlined and modified rule is that under the latter, so-called "all freight" rates cannot be used in rating a mixed carload shipment. The revision is now scheduled to become effective on or before July 14, 1954, on 30 days' notice.

Examiner Recommends Minimum Rates on Canned Goods: Interstate Commerce Commission Examiner Oren G. Barber, in a proposed report, recommends the prescription of minimum reasonable rates to apply on movements of canned goods by railroads and motor carriers in official territory. The re-

port was issued in Dockets Nos. 31104 and MC-C-1431. The examiner said the minimum reasonable carload rail rates on canned goods in official territory were and for the future would be the proposed rates published in Agent Boin's Tariff No. A-962, minimum weight 36,000 pounds and 60,000 pounds. For common and contract motor carriers, he recommends that the reasonable minimum truckload rate be the same as the 36,000 pound rail rate, but subject to a minimum weight of 28,000 pounds. Truckload minimum rates of less than 28,000 pounds but more than 20,000 pounds might be maintained, however, providing such rates were not less than three cents per 100 pounds above the prescribed minimum for like distances.

• **I.C.C. Commissioner Clarke Named D.T.A. Administrator:** The Interstate Commerce Commission has announced the appointment of Commissioner Owen Clarke as administrator of Defense Transport Administration to succeed Commissioner James K. Knudson who resigned to enter private law practice. Mr. Clarke, youngest of the 11 commissioners, was appointed to the agency last year by President Eisenhower. He took his oath of office July 10, 1953, for a term expiring December 31, 1959. He is currently serving as a member of Division 3, the rates, service and safety division, and is in administrative charge of the Bureau of Safety and the Bureau of Locomotive Inspection. He will retain these assignments along with his new duties.

• **First Class Mail by Air Totaled 10,607,411 Pounds in Six Months:** The four scheduled airlines transporting first class mail by air between Chicago and New York City

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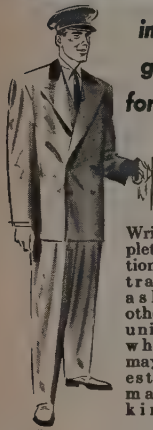
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and Chicago and Washington, D. C., handled 371,259,385 letters totaling 10,607,411 pounds during the first six months of the experiment. New York-Chicago westbound amounted to 3,211,197 pounds and eastbound 4,520,487 pounds. Washington, D. C.-Chicago eastbound was 1,956,790 pounds and westbound 918,937 pounds.

• *Hearing on Transcontinental Class Rates July 26 at Milwaukee:*

The Interstate Commerce Commission has announced that further hearing in No. 30416 Class Rates, Mountain-Pacific Territory and No. 30660, Class Rates, Transcontinental Rail, 1950, will be held July 26, 1954, at the Hotel Schroeder, Milwaukee, Wisconsin, before Commissioner Arpaia and Examiner Witters. The commission's notice says that shippers and other parties, other than railroad respondents appearing at such hearing to submit evidence, will be expected to complete their testimony at Milwaukee and not defer any portion to be presented at later hearings. The proceedings involve railroad class rates from, to and within the territory west of the Rocky Mountains which were not included in the Docket No. 28300 adjustment that became effective May 30, 1952.

• *Motor Vehicle Registrations*

Increased Six Per Cent in 1953: Registrations of all types of motor vehicles totaled 56,279,864 in 1953, an increase of about six per cent over 1952, according to the Commerce Department's Bureau of Public Roads. Of the total registrations, 46,460,094 were passenger cars, 9,575,519 were trucks and 244,251 were buses. As compared with 1952, passenger car registrations during 1953 increased six per cent, trucks four per cent and buses 1.6 per cent.

• *I.C.C. Reorganizes Four Bureaus*

— Establishes Office of General Counsel: The Interstate Commerce Commission has announced realignment of the functions of four bureaus into two new bureaus and the establishment of a new office of General Counsel. The four bureaus involved in the new consolidation to go into effect July 1 are the Bureaus of Law, Inquiry, Traffic and Informal Cases, all of which will cease to exist under those names. In addition to the Office of General Counsel, which will be the legal arm of the commission, two new bureaus were established to assume all other functions of the four bureaus, except for the Section of Library Services and the Section of Indices, both of which are to be transferred from the Bureau of Law to the office of the Secretary. The two new bureaus are Inquiry and Compliance, and Rates, Tariffs and Informal Cases.

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• *Proposed Rules Issued Governing Motor Carrier Route Deviation*

The Interstate Commerce Commission has issued proposed rules and regulations to govern the use of relocations, renumbered and alternate highways, the deviation from authorized routes, and the deadheading of empty vehicles by common and contract motor carriers. While no hearing is contemplated in this matter, anyone wishing to make representations in favor of or against the proposed rates and regulations may do so through the submission of written data, views or arguments. The original and five copies of such submission must be filed with the commission on or before July 1, 1954.

• *Proposed I.C.C. Rules Would Restrict Activities of Carrier Associations*

Proposed rules announced by the Interstate Commerce Commission would prevent carrier or freight forwarder associations from registering complaints or protesting against existing or new rates or charges, as well as applications for operating rights. No oral hearing is contemplated but those desiring to make representations in favor of or in opposition to the proposed rules may do so by submitting written data, views or arguments with the commission not later than July 1, 1954. The commission's notice said: "Questions have arisen with respect to the participation of associations of carriers and freight forwarders in proceedings before the commission. The right of an association to file a complaint against the rates maintained by members of the association and non-members of the association has been questioned. Allgations have been made that associations are improperly engaged in the practice of law before the commission and applicants for operating rights opposed by associations con-

tend that they are entitled to know, when their application is protested by an association, which members of the association would be adversely affected by a grant of the application. In view of these and other questions, it has been decided to institute this rule-making proceeding." The investigation has been docketed as Ex Parte No. 194, Participation by Associations of Carriers and Freight Forwarders in Proceedings before the Commission, Notice of Proposed Rule Making.

• **Resag Named Secretary Illinois Commerce Commission:** Frederick B. Resag of Chicago has been appointed secretary of the Illinois Commerce Commission. He replaces Thomas A. Graham of Danville who was named assistant to George R. Perrine, chairman of the Commission. Mr. Resag was formerly head of the Division of Motor Carriers.

• **Knudson Appointed Legal Consultant for T.A.A.:** Former Interstate Commerce Commissioner James K. Knudson has been appointed legal consultant for the Transportation Association of America, as well as chairman of its Legal Committee. Mr. Knudson last month resigned his post on the Commission and as Defense Transport Administrator.

Trends In Finance and Business

(Continued from page 11)

Michigan were among the few states that reported a decline in the number of contractor failures.

• **A Stainless Record** — United States production of stainless steel last year passed the million-ton mark for the first time. The 1953 production was 84 per cent above 1946 and six and a half times the 1937 output. In the past eight years the greatest gains in stainless use have been in automobiles, aircraft and military applications. The increased use in aircraft is largely for the resisting of the heat generated in jet engines.

• **Small Town Jobs** — Reflecting decentralization, industrial jobs in small towns have more than doubled in the last 15 years, according to Pathfinder Magazine. The publica-

tion said that the mayors of 1,000 towns having populations between 1,500 and 10,000 reported that there are now 4,745 manufacturing establishments in their towns compared with 2,359 in 1939 and 3,373 in 1947. Manufacturing employment has risen from 256,787 in 1939 to 549,967 in 1954.

The populations of the reporting towns, however, did not increase in proportion to the growth in industry, because many of the employees come from surrounding rural areas. More than a quarter of the mayors reported that from 10 to 25 per cent of the industrial employees in their towns live on farms, and nearly a fifth more placed the percentage at higher than 25 per cent.

• **Not a Record** — While the impressive total of 245,267 new homes or apartment units were built in the Chicago metropolitan area during the eight postwar years, the figure is by no means a record. The record was set from 1922 through 1929 when 363,728 units were constructed.

Apartment houses were the base of the boom in the 20's, and most

of them went up within the city. In 1928, for instance, 88 per cent of Chicago's dwelling starts were represented by multiple-family units. In 1953, single-family homes made up 70 per cent of the city total.

In relation to the surrounding territory, Chicago has lost ground steadily. Even the depression did not interrupt the swing to the suburbs. Chicago built 74 per cent of the metropolitan area's new dwelling units in the 1922-29 period; 53 per cent in 1930-37; 44 per cent in 1938-45, and 32 per cent in 1946-53.

From the high of the 20's, new units built in the six-county area dropped almost out of sight to 16,782 for 1930-37. In one year — 1933 — only 293 units were started, a contrast to a record 55,460 starts in 1927. From 1938 to 1945, a total of 77,719 new units were built, four and a half times as many as in the preceding eight years, but only one-fifth of the 1922-29 figure.

The foregoing figures were extracted from a brochure released by the Office of the Housing and Redevelopment Coordinator of Chicago.



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New Products

Stainless Duplicator

Cleanliness is the feature of Azograph, a short-run duplicating process announced by A. B. Dick Company, 5700 W. Touhy Ave., Chicago. It is the company's answer to the "purple stain" problem encountered in offices using the aniline dye process. In the new process the two color-forming compounds within the coating of the transfer or carbon sheet are chemically separated. The compounds cannot unite to form a color—or a stain—until a third element, a reactant in the fluid, is introduced within the duplicator. The company says it is impossible for typists or other people handling the transfer sheets to get stained. Production of up to 50 copies is possible with Azograph. Two duplicators, one hand-operated and the other electrical, have been developed for the process; both can also be used for aniline dye duplicating.

Extra-Drawer File

"The file with the extra drawer" is what Remington Rand Inc., 315 Fourth Ave., New York City 10, calls its new line of Kompakt file cabinets. Coming in three, four, five, and six-drawer heights, the line is designed to accommodate an extra drawer in the same vertical space as standard files.

Spline Roller

Described as a "new and basic metalworking process" is the work done by Michigan Tool Company's Roto-Flo spline roller. The machine, which comes in three sizes, employs a cold-working process to produce splines, oil grooves, serrations and other similar shapes on external metal parts. The metal is displaced—not removed as by hobbing. The metal shaft placed between the forming racks emerges in a few seconds with the teeth completely formed at any desired position along the shaft, the company says. Early tests are said to indicate that parts produced with rolled

splines will withstand higher torsion loads for equivalent shaft sizes than the parts with splines hobbled or shaped from the same material. Michigan Tool's address is 7171 E. McNichols Rd., Detroit 12.

Foam Rubber Rugs

Hewitt-Robins, Inc., of Stamford, Conn., has combined foam rubber with cotton carpeting to make a new flooring material called Fremont Foam-Tuft. The company says it is softer to walk on and longer wearing than regular rugs and carpets. In the manufacturing process a quarter-inch of foam rubber is spread and cured directly on the back of cotton carpeting. The foam makes the rugs skid-proof and its porous nature is said to allow air to circulate through the pile, adding to cleanliness. Foam-Tuft is available in ten colors either as pre-cut scatter rugs or rolled strips for wall-to-wall carpeting. Retail price on strips is \$5.95 a square yard.

Combined Microfilm Unit

A microfilming machine for office use that combines recording and reading in a portable unit is announced by Burroughs Corporation, Detroit 32, and Bell and Howell Company, Lincolnwood, Ill. The new device, made by Bell and Howell and by Burroughs, is called the Micro-Twin. It will record documents smaller than bank checks up to single sheets 11 inches wide and 3,700 feet long, photographing both sides. The reader screen is 8 by 11 inches. It sells at \$1,575 in the United States.

For Backyard Pools

A relatively inexpensive method of making your own backyard wading pool or lily pond is offered by the Rubberoid Company, 500 Fifth Ave., New York City 36. Rubberoid will sell you its Sanal and Pond Liner, a heavy seep-proof membrane surfaced with sand on one side and mica on the other.

comes in rolls 36 inches wide by 36 feet long. If a wading pool is your objective, Rubberoid recommends that you cover the liner with wire mesh and "butter" on a layer of concrete a couple of inches thick.

Lighted Reading Glass

The first lightweight rectangular reading glass with a built-in illuminator on the U. S. market is announced by Bausch and Lomb Optical Company, 635 St. Paul St., Rochester, N. Y. The magnifying instrument will operate from any 10-115 volt circuit. Retail price is \$3.50.

Roller-Lapping Machine

Latest product of Spitfire Tool Company, 2931 N. Pulaski Rd., Chicago 41, is a precision roller-lapping machine for lapping metal, glass, or plastic plugs, rods or pins from 1/8-inch up to 6-inch diameter. Essentially, the machine consists of two cast iron rollers with shafts extending on both sides and revolving in adjustable bearings. No chucks or rings are used in the lapping process.

Push-Type Cranes

An expanded line of push-type cranes is announced by Industrial Crane and Hoist Corporation, 315 E. Ada St., Chicago 7. The new line includes a light duty model available in five capacities and heavy duty models available in seven capacities. The heavy duty type can be purchased with various spans and can be equipped with hand-operated or electric hoists.

Flashing Signal

A flashing red signal light for use as a warning device in industry to indicate hazardous work areas or as a visual communications light in busy plants is being placed on the market by Federal Sign and Signal Corporation, 8700 S. State St., Chicago 19. The revolving light flashes 10 times a minute.

Tile Adhesive

The adhesives and coatings division of Minnesota Mining and Manufacturing Company, 423 Piquette Ave., Detroit 2, has developed a new

ceramic tile adhesive—CTA-11—that it says will result in faster, better and lower-cost installation. Coverage with the synthetic rubber product which has a buttery consistency is said to be 60 to 70 square feet per gallon. The 3M company claims that one pound of its adhesive will do the work of over 40 pounds of wet mortar.

New Mechanical Miner

Goodman Manufacturing Company, Halsted street and 48th place, Chicago 9, is introducing a mechanical miner that will cut and load coal from a solid seam at a rate up to seven tons a minute. The 35-ton machine is hydraulically controlled and can be maneuvered to cut a path at right angles to its original line of direction. As it advances it cuts a path 13 feet wide and 7 feet high at center points.

Pallet Eliminator

Crated appliances—such as refrigerators and ranges—can be handled

without the use of pallets by means of a hydraulic crate clamping attachment developed by the Yale and Towne Manufacturing Company of Philadelphia. In operation two short metal arms slide under the crate and two clamps press down from the top to hold the crate secure for transporting and stacking. Crates from 38 to 75 1/4 inches high can be handled.

Seiberling Plastic

When its new plant at Newcomers-town, O., is completed this summer, Seiberling Rubber Company will begin commercial production of its new plastic, Seilon. The company expects it to find wide use where there is a need for materials that resist corrosion and yet are light and strong. It can be sawed, shaped, sanded, or drilled. Forms of Seilon can be used to line acid or chemical tanks, for acid ducts, pipes, exhaust fans, valves, pumps, trays to hold chemicals or acid, and for oil and chemical resisting flooring. Technically known as unplasticized poly-

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vinyl chloride, Seilon will be manufactured in 4 by 8-foot sheets.

Septic Tank Solvent

Abbey Chemical Company, 105 N. Clark street, Chicago 2, is introducing

ing a concentrated mixture of enzymes (ferments) to speed the elimination of solid waste in septic tanks, cesspools, and outdoor toilets. Sep-O-Solve is said to replace lost or worn out bacteria with new waste-consuming bacterial cultures.

Steel — 14 Years After Dunkirk

(Continued from page 15)

is the yardstick of the steel industry. But, steel-making furnaces alone would be useless for they are but the middle link in a chain of essential processes.

Approximately one-half of the material fed into these furnaces is pig iron, the remainder being scrap. And this meant the construction of new blast furnaces to make the iron. But the furnaces, in turn, required coke, iron ore and limestone. And that called for coke ovens, ore mines, coal mines, limestone quarries and great lake and ocean freighters to carry these raw materials to the mills.

All these operations had to be undertaken before the ingots could be produced, but even the ingots are useless in their original form. No manufacturer buys steel ingots to make automobiles or any other product. He buys steel sheets, steel bars, steel wire and steel in a variety of other forms. And that meant that gigantic mills had to be built and supplied with electric power, water, steam and other services so that these ingots could be mauled and squeezed and rolled into the particular forms and shapes needed.

Men searched the four corners of the earth to find the necessary raw materials. It was even necessary to launch immense iron ore projects in Venezuela, in Liberia and in various parts of Canada as a part of the program.

To accomplish this stupendous expansion, the steel industry spent about \$7 billion in the years 1941 to 1953, inclusive, of which \$5.6 billion covered those expenditures which were made since the termination of World War II. It is so easy to talk about billions these days that one is apt to lose perspective. Therefore, you may be interested to know that that last figure — \$5.6 billion — happens to be exactly the equivalent of all the dividends paid by all the corporations in the United States last year — and 1953 was a mighty

fine year. Another measure of the financial scope of the program is the cost for every ton of ingot capacity added, and that comes to \$163. However, costs were not as high throughout this period as they are today and now this figure is estimated at \$300 per ton. A million ton steel plant, with all the trimmings, would now cost about 300 million dollars. Such a plant, with its mines, quarries, etc., would probably employ about 4,000 people, which means an investment of \$75,000 for every employee. There are today in this country 18 companies with a capacity of more than a million tons. In 1941 there were 12.

Due to Competition

Although the government financed a number of steel projects during World War II, these have all been privately acquired now, and the entire post-war phase of the program was accomplished with private capital. Dunkirk kindled the flame, and it was fanned by other international occurrences, but the real impetus which maintained the program through this important period was the intensive competition of the steel producing companies of the United States.

How fortunate it is that this great expansion program was accomplished by private initiative with thousands of people planning and executing the projects. Each company balanced its own program from raw material to finished product. I know no stretch of my imagination can conceive of such a result being attained by central governmental authority. This could have led only to monumental waste and disastrous imbalance. We should, therefore, be everlastingly grateful to those who fought against socialist schemes which would nationalize our basic industries. And in the years ahead we must constantly be on guard to preserve our free enterprise

system. It is, I am convinced, the foundation on which our country's high standard of living has been built.

Now that we have a steel industry capable of producing 124 million tons of ingots annually, is it adequate for our country's defense needs?

As far as I know, there are no truly reliable figures on steel capacity back of the iron curtain. Inasmuch as the best information obtainable seems to indicate that production in the Soviet orbit last year was about 55 million tons, let us assume their present capacity is 60 million tons. On this basis we have about a 2 to 1 advantage in a direct comparison between the United States and the communist countries.

However, we can hardly ignore the rest of the steel producing world. The capacity of the free nations of Europe appears to be about 55 million tons on the Continent and 21 million in the British Isles — a total of 76 million tons. With this added to our own, plus about 20 million in other friendly countries such as Canada, Australia, South Africa and Japan, the free world has the impressive total of approximately 220 million tons, and the ratio as contrasted with the Soviets, becomes better than $3\frac{1}{2}$ to 1.

International Checkers

A favorite pastime of some who discuss this subject is to play checkers and push various free world steel capacities into Russian hands. The game is endless, and one can work out almost any combination. Let us make the most extreme arrangement. Add the entire output of the Continent and Britain to the communist total, undamaged and intact — an incredible development. That would bring them up to 136 million tons. If such a horrible contingency came to pass, I think we could count on Canada's 5 million tons — (I have no idea what would happen to the rest) — which makes 129 million tons for us — slightly worse than a stand-off.

Each one of you can draw whatever conclusions you think proper from these facts and figures — including the imaginary ones. As for me, I am very glad that our country has between 40 and 45% of the world's steel capacity here within

our borders. I also like the idea of keeping the steel capacities of the other free nations on our side, too. A ratio of "better than $3\frac{1}{2}$ to 1" is much more comforting than a scheme which figures out slightly worse than a "stand-off."

So much for war. Do we have enough steel capacity for the peace-time needs of our people? This is a much easier question to answer today than it was last year or at any other time since World War II ended. And I must say that I do not feel nearly as defensive in such a discussion as I did in prior years. The very fact that the demand for steel has sustained only a 70 per cent operation thus far this year, despite relatively high employment and high retail sales, seems to be strong evidence indeed that we have plenty of steel for our civilian requirements. Production last year totalled almost 112 million tons, which figures out 1,400 pounds for every man, woman and child in the United States. About 10 per cent of this steel went into defense, and probably another 10 per cent into building up inventories. So it is rea-

sonable to assume that the civilian utilization was around 1,100 pounds per season. Today's capacity is over 1,500 pounds for each of our inhabitants, which looks like a pretty safe margin, for the present at least.

At this point the question arises: "Is there enough steel for our defense and civilian needs together?" There certainly is if "defense" means the kind of program we have today or any conceivable peace-time variation of it. But if defense means war — of the police-action, all-out or any other brand — that is quite another matter. It is folly to think that we could maintain productive capacity in this country which would be adequate for any conceivable emergency as well as full scale civilian output. Should we face emergencies, civilian production will have to be curtailed in proportion to the need, and if that need should arise, our people will meet it bravely and fully as they have in the past.

How long will 124 million tons be adequate for our peace-time needs? Only a clairvoyant would attempt to answer that one with a specific date. But, in my opinion, it will not suf-

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fice for many years. The population is growing steadily, new uses for steel flow with regularity from the drawing boards and laboratories, and the standard of living of our people continues to rise. These factors will combine to overtake and outstrip our 124 million-ton steel capacity before long. One might even be so bold as to predict that a day will come within the lifetime of many here tonight when 200 million Americans will each need a ton of steel ingots a year — a national requirement of 200 million tons. Then our 124 million-ton capacity will look as small and inadequate as the 81,000,000 tons of 1940 seems to be today.

No Challenger in Sight

This, of course, presupposes that steel will continue to be the leading material of our civilization — essential for construction, for machinery, for agriculture, for transportation, for appliances and for a host of other purposes. Whether this will be true, no one can say with certainty. No one knows what the imagination and ingenuity of a free people will develop in the future. Yet, because of its abundance, its low cost, its strength, ductility and other characteristics steel is, by all odds, the leading multiple-purpose material of our day. There does not appear to be a serious challenger in sight.

If you agree with my premise that

steel is essential to our national well-being — in war and in peace — then you will also go along with my contention that these great steel-making facilities must be maintained in good condition and expanded as required. Fundamental, you say? I agree, but, as indicated by the figures I have already cited, such maintenance and expansion call for the expenditure of huge sums of money. In our free economy these funds can only come from profits retained in the business and the sale of securities to the public.

Both of these sources of capital are dependent on satisfactory earnings, for no prudent investor cares to buy stocks or bonds in an enterprise unless its ability to make a good return is well established. Many people think that the steel industry is an enormous profit-maker, and need have no worries about securing adequate financing in the future. It may be surprising to learn that although 1953 was the biggest year in the history of the industry, and government price controls were lifted in the early part of the year, steel was in 20th place in the list of all American industries ranked in respect to their percentage of earnings in invested capital. And this was about its best rating in many years. Furthermore, in the first quarter of 1954, operating at 72 per cent of capacity — not a bad rate — the industry's earnings dropped 18 per cent as compared

with last year, while the total of all industries was seven per cent higher than 1953.

Primary responsibility for the showing made by a company or an industry rests with the managements involved. Yet there is something different about steel, possibly because it is such an important industry. It has long been a favorite whipping boy for politicians who apparently regard the votes involved as inconsequential. In 1933 President Roosevelt actually had a White House conference on the subject of the price of steel rails, and as a result, I doubt if any company has made fair profits on this very important commodity since that time. At least, I know one that has not. Several years ago, a slight rise in the price of forging billets — a product involving a relatively small tonnage of steel — called forth scathing oratory on the floor of the United States Senate. These are but two examples of the many political attacks which have been made on steel prices from time to time, and generally with neither justification nor knowledge of the subject.

Price Comparison

As a result of this constant pressure from Washington and certain segments of the press, steel prices have advanced only 88 per cent since 1940 as compared with 116 per cent for wholesale prices in general. This is obviously a substantial difference. I doubt if any of the politicians involved ever stop to think that he was attacking the vitals of an industry which gives employment to three quarters of a million people, is owned by another three-quarters of a million, and is essential to the well-being of 161 million Americans.

But these same individuals seem, if ever, protested against wage increases during this 14-year period. Since Dunkirk the average hourly wages in the steel industry have gone up 159 per cent as contrasted with a 92 per cent rise in the cost of living. Last year the average pay rate for steel workers was \$2.18 an hour, \$1.34 greater than in 1940 when the rate was \$0.84. But even that does not tell the whole story. You have heard the song "The Surrey with the Fringe on Top." Well, the \$2.18 is the "Surrey" and the "Fringe on Top" — in the form of

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oliday pay, longer paid vacations, pensions, insurances, etc. — comes to another \$0.32 — compared with a cost of \$0.06 for these "fringes" in 1940. Some people call the steel workers "the princes" of the "prince and pauper" steel industry, and maybe they are right.

Steel's problems are practically the same as all other business managements', but many people do not understand that or even think about it. All managements have a three-fold responsibility: To their employees to provide fair compensation, good working conditions, and opportunity for self improvement; to their customers to provide merchandise satisfactory in quality at the lowest possible price; and to their owners or stockholders to provide a proper return on the capital they have risked.

Strangely, almost every individual is in all three categories. He is someone's employee, he is someone's customer, and he is an owner, too, even though such ownership may possibly be indirect through pension funds or insurance policies. If people stopped to realize this they would be bound to recognize the basic truth that if an enterprise prospers, all three groups will gain — if it fails, all three will lose.

So it is with steel managements. But they must achieve a very delicate balance to secure the proper objectives for all three of their groups. With understanding and help from all our citizens and their chosen representatives, this can and will be done. Then a fourth and greater group — the American people themselves — will gain, too, through increased security and a constantly higher standard of living.

Seven Labor Issues

(Continued from page 14)

ted or is about to be violated protects the staff of the board against political pressures that would weaken the enforcement of the law. Furthermore, knowledge of unions that an injunction must be sought against secondary boycotts helps the staff settle many cases. The court, of course, does not have to agree with the general counsel that an injunction should be issued. During the fiscal year 1952-53, the general counsel sought 44 injunctions under the mandatory provisions of the act. In

18 cases the application was granted; in two cases it was denied; in three cases it was withdrawn; in four cases the application was inactive; in two cases decision was pending; and in 15 cases the issue was settled. Had injunctions not been requested, would the proportion of settlements have been so high?

6. Supervision of Union Welfare Funds. During the last few years, thousands of union-employer welfare funds have been established by collective bargaining. The Taft-Hartley act prohibits an employer from making payments to a union to assist in financing a union welfare fund unless the employer participates in the administration of the fund. The purpose of this provision was to prevent abuses in the administration of the fund. Many employers have taken the view that the funds were none of their business and their participation has only been nominal. At any rate, employer participation in the administration of welfare funds has failed to prevent abuses. For example, newly formed insurance agencies have been started by corrupt union officials and racketeers to siphon money from the union welfare funds. There is no need for unne-

cessary middle-men who receive big commissions plus alleged "expenses" for placing the underwriting business created by the funds. If legitimate companies doing the actual insuring of the accounts handle the business, the beneficiaries would be saved millions of dollars.

Union welfare funds should be regulated just as carefully as are life insurance companies. This means complete disclosure of income and expenses and periodic public audits. The administrators of the funds need to be held to the responsibility of trustees. It would be wasteful to leave regulation to the forty-eight states. Regulation should be promptly provided by the Federal government, and, as is the case with insurance companies, the cost of regulation should be assessed against the funds. Incidentally, unwillingness of employers to participate actively in the administration of welfare funds reveals a narrow conception of personnel policy. Employers should welcome opportunities to show an interest in the problems of their people.

7. Stoppages That Create National Emergencies. The provisions of the Taft-Hartley act that are designed to apply to disputes that create

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national emergencies are not well designed and need a complete overhauling. This should be done only after careful study. In revising the Social Security act, which involved many technical problems, the Finance Committee of the Senate has twice used the device of an advisory council—a council of persons with diverse backgrounds who studied the problem and made recommendations to the committee. Most of the recommendations of each of the two advisory councils were adopted by Congress. The device of the advisory council might well be used by Congress in revising the Taft-Hartley act, particularly the provisions dealing with disputes that create national emergencies. Both of the advisory councils appointed to study social security problems contained representatives of employers, the A.F. of L., and the C.I.O. In view of the definite official stand which employer organizations and the two federations of labor have taken on various Taft-Hartley issues, I am not in favor of a tri-partite advisory council. The employer and the labor members would be of little use because they would not be free to use their best judgment. It would be possible, however, to get a good advisory council from the many able citizens who in recent years have acquired experience in handling labor disputes and mediators and ar-

bitrators. Indeed, in few fields is the country richer in able and experienced men. I am aware that there is no set of arrangements that would be a complete solution of the problem of disputes that create emergencies, but an able advisory council could recommend much better arrangements than those now contained in the Taft-Hartley act.

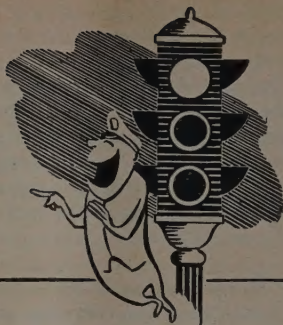
The outlook for collective bargaining is optimistic. I think that the United States is fortunate on the whole in the kind of unions that it possesses. Our unions are vigorous, aggressive, and competitive, but they are down-to-earth and practical, concerned with getting more here and now rather than making over economic institutions. These several characteristics make unions a good influence in the community. The employers are constantly under pressure to improve methods and to increase productivity. The unions help the workers share promptly in the technological progress which the unions help bring about. The union also give the workers a sense of participation—the workers have a real voice in running the economy. The steady advance in productivity give workers good reason to look forward hopefully to being able to live better and to provide more adequately for their families. It is realistic in America today for tens of millions of workers to expect their standard of



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Judge: "Could the motorist have avoided hitting you?"

Injured Man: "He could, your Honor. He had the choice of hitting me or the missus, and he picked on me."

A waiter in a swank restaurant was horrified to see a patron washing his spoon in the fingerbowl. Calling the manager, they hurried to the man's table. "Why on earth," demanded the manager, "are you washing your spoon in the fingerbowl?"

"Because I don't want to get ice cream all over my pocket," replied the diner.

Athlete: "How high is my temperature, Doc?"

Doctor: "A hundred and one."

Athlete: "What's the world's record?"

Trouble Ahead—An attorney tells about one lawyer who wrote to another, "Sir: I regret to inform you that there is danger of an agreement between our respective clients."

It was a national convention and delegates from every state in the Union were there. There had been the exchange of stories, each one a little bigger and a little better. They were now talking of the large fish they had caught. The delegate from Texas was strangely silent.

"You mean you don't catch no big fish in Texas?" exclaimed one of the delegates from cool Colorado.

"Well," said the Texan in his famous drawl, "about the largest fish I ever caught down there was twelve inches . . ." He paused as the group looked at him in amazement. "Course, in Texas we measure our fish between the eyes."

Mistress: "Mandy, how do you manage to get your pie so neatly crimped?"

Mandy: "Oh, that's easy, ma'am. Ah just use mah false teeth."

Son: "Say, Dad, what does it mean when the paper says some man was sent to a convention as a delegate-at-large?"

Dad: "It means that his wife didn't go with him."

Two ministers of different faiths were the best of friends although they often disagreed on religious questions. One day they had been arguing, a little more heatedly than usual, on some theological point, when one of them said, "That's all right. We'll just agree to disagree. The thing that counts is that we're both doing the Lord's work, you in your way and I in His."

It seems a hen saw a platter of scrambled eggs carried by and muttered "There goes that crazy mixed-up kid of mine."

It was lunch hour at the plant, and Pat's two buddies decided to play a little joke on him during his absence. They drew the features of a donkey on the back of his coat. In due time, Pat returned and presently hove in sight bearing the lime-decorated coat.

"What's the trouble, Pat?" asked one casually.

"Nothing much," replied Pat, equally indifferent. "I'd like to know just which one of yez wiped your face on me coat!"

A meek little man asked, "Did you that a good poker player could hold kind of executive job?"

"That's right," answered the lecturer. "Does that raise a question in your mind?"

"Yes," was the reply. "What would a good poker player want with a job?"

Teacher: "With a single stroke of brush, the great painter Joshua Re could change a smile into a frown."

Pupil: "Aw, that's nothin', so kin my man."

No woman will wear a hat or identical to another woman's — but all are off about mink coats.

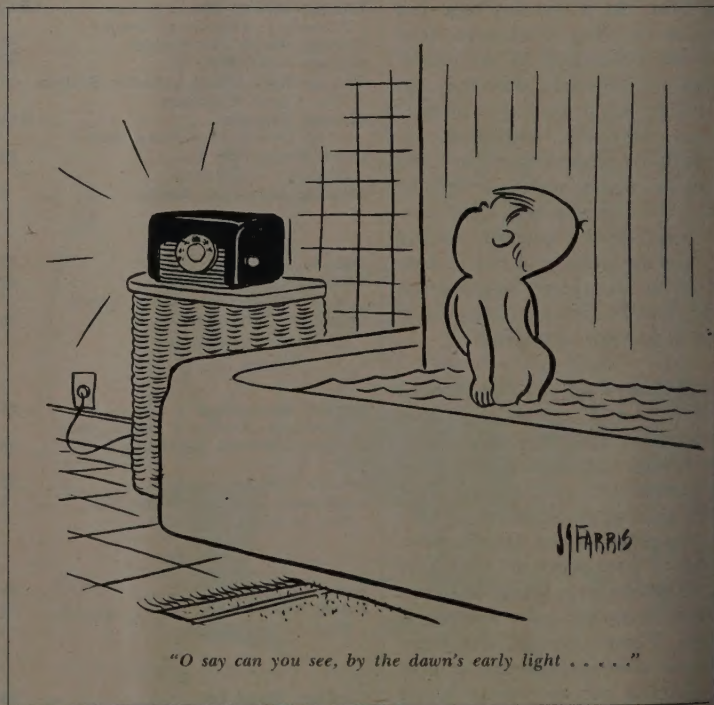
"Dad," asked the small boy, "Why man not allowed to have more than wife?"

"My son," replied the father, "when are older you will realize that the law protects those who are incapable of protecting themselves."

Beginning golfer (who has accidentally made one beautiful long drive): "What drive a beaut? Really something wasn't it?"

Bitter friend (who's heard the same comment about 20 times): "Yes — and it's a you can't have it stuffed."

The old-fashioned woman who saves wedding dress for her daughter now 1 daughter who saves her wedding dress for her next wedding.



"O say can you see, by the dawn's early light . . ."